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I N S E N A T E

January 21, 2014

A BUDGET BILL, submitted by the Governor pursuant to article seven of the Constitution -- read twice and ordered printed, and when printed to be committed to the Committee on Finance -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the tax law, the general municipal law, the urban development corporation act, the business corporation law, and the general associations law, in relation to reforming taxation of business corporations; to amend the administrative code of the city of New York, in relation to transitional provisions relating to the enactment and implementation of the federal Gramm-Leach-Bliley act; and to repeal various provisions of the tax law relating thereto (Part A); to amend the real property tax law, in relation to the STAR registration program (Part B); to amend chapter 540 of the laws of 1992, amending the real property tax law relating to oil and gas charges, in relation to the effective date of such chapter (Part C); intentionally omitted (Part D); to amend the tax law, in relation to modifying the signature requirement on e-filed returns prepared by tax professionals (Part E); intentionally omitted (Part F); to amend part I of chapter 58 of the laws of 2006, amending the tax law relating to providing an enhanced earned income tax credit, in relation to the effectiveness thereof (Part G); to amend the general obligations law and the tax law, in relation to authorizing electronic tax clearances for professional and business licenses (Part H); to amend the tax law and the administrative code of the city of New York, in relation to taxing residents who are grantors of exempt resident trusts that qualify as non-grantor incomplete gift trusts on the income from such trusts and taxing residents who are beneficiaries of all other exempt resident trusts or nonresident trusts on the distributions of accumulated income that they receive from such trusts (Part I); to amend the tax law and the administrative code of the city of New York, in relation to eliminating the personal income tax add-on minimum tax; and to repeal certain provisions of such laws relating thereto (Part J); intentionally omitted (Part K); intentionally omitted (Part L); to amend the tax law, in

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

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relation to the family tax relief credit (Part M); to amend the tax law, in relation to eliminating the personal income tax filing requirement for residents having no liability because income does not exceed the New York standard deduction if they do not file a federal income tax return (Part N); to amend the tax law, in relation to extending the empire state commercial production tax credit (Part O); to amend the public housing law, in relation to extending the credit against income tax for persons or entities investing in low-income housing (Part P); to amend the environmental conservation law, the tax law, the economic development law and the general municipal law, in relation to eligibility for participation in the brownfield cleanup program, and assignment of the brownfield redevelopment tax credits; to amend part H of chapter 1 of the laws of 2003, amending the tax law relating to brownfield redevelopment tax credits, remediated brownfield credit for real property taxes for qualified sites and environmental remediation insurance credits, in relation to tax credits for certain sites; to amend the environmental conservation law, in relation to hazardous waste generator fees and taxes; to amend the environmental conservation law, the public authorities law and the state finance law, in relation to the environmental restoration program; and to repeal certain provisions of the environmental conservation law and the tax law relating thereto (Subpart A); and to amend the navigation law, in relation to responsible parties for petroleum contaminated sites and incentives to parties who are willing to remediate petroleum contaminated sites (Subpart B) (Part Q); to amend the tax law, in relation to providing a tax credit for real property taxes to New York manufacturers; and providing for the repeal of certain provisions upon expiration thereof (Part R); intentionally omitted (Part S); to amend the tax law, in relation to providing a credit for excise tax on telecommunication services for businesses located in tax-free NY areas (Part T); to amend the tax law, in relation to reducing the number of hours of part-time work needed by employees for employer qualification for the New York youth works tax credit; and to amend the labor law, in relation to the New York youth works tax credit (Part U); to amend chapter 109 of the laws of 2006 amending the tax law and other laws relating to providing exemptions, reimbursements and credits from various taxes for certain alternative fuels, in relation to extending the alternative fuels tax exemptions for two years (Part V); to amend chapter 63 of the laws of 2000, amending the tax law and other laws relating to modifying the distribution of funds from the motor vehicle fuel excise tax and the vehicle and traffic law, in relation to simplifying the methodology for distribution of motor vehicle receipts (Part W); to amend the tax law, in relation to the estate tax; to repeal section 2 of chapter 1013 of the laws of 1962, amending the tax law relating to imposing a tax on the transfer of estates of decedents dying on or after April first, nineteen hundred sixty-three, relating to an appendix of applicable internal revenue code provisions, and to repeal article 26-B of the tax law, relating to the generation skipping transfer tax (Part X); intentionally omitted (Part Y); to amend the tax law, in relation to vendor fees paid to vendor tracks (Part Z); to amend the racing, pari-mutuel wagering and breeding law, in relation to licenses for simulcast facilities, sums relating to track simulcast, simulcast of out-of-state thoroughbred races, simulcasting of races run by out-of-state harness tracks and distributions of wagers; to amend chapter 281 of the laws of 1994 amending the racing, pari-mutuel wagering and breed-

ing law and other laws relating to simulcasting and chapter 346 of the laws of 1990 amending the racing, pari-mutuel wagering and breeding law and other laws relating to simulcasting and the imposition of certain taxes, in relation to extending certain provisions thereof; and to amend the racing, pari-mutuel wagering and breeding law, in relation to extending certain provisions thereof (Part AA); to amend the tax law, in relation to capital awards to vendor tracks (Part BB); to amend the tax law, the banking law, the public authorities law, and the administrative code of the city of New York, in relation to the stock transfer tax, and to repeal certain provisions of the tax law, the state finance law and the administrative code of the city of New York relating thereto (Part CC); to amend the tax law, in relation to conforming the due dates for the metropolitan commuter transportation mobility tax for taxpayers with income from self-employment with the due dates for the personal income tax (Part DD); to amend the state finance law, the upstate New York gaming economic development act of 2013 and the tax law, in relation to moneys appropriated or transferred from the commercial gaming revenue fund (Part EE); intentionally omitted (Part FF); to amend the tax law, in relation to the temporary exemption from sales and use taxes for premises used for commercial office space in lower Manhattan; and to amend part C of chapter 2 of the laws of 2005 amending the tax law relating to exemptions from sales and use taxes, in relation to the effectiveness thereof (Subpart A); to amend the real property tax law and the administrative code of the city of New York, in relation to extending a real property tax abatement program for certain commercial properties in cities having a population of one million or more and in relation to extending a special reduction under the commercial rent tax in the city of New York (Subpart B); to amend the real property tax law and the administrative code of the city of New York, in relation to applications for tax abatements for industrial and commercial construction work on properties in a city of one million or more persons (Subpart C); to amend the general city law and the administrative code of the city of New York, in relation to extending the relocation and employment assistance program and the Lower Manhattan relocation and employment assistance program (Subpart D); to amend the general city law and the administrative code of the city of New York, in relation to extending the special rebates and discounts provided pursuant to the energy cost savings program and the Lower Manhattan energy program (Subpart E); to amend the administrative code of the city of New York, in relation to the amount of special reduction allowed (Subpart F); and to amend the real property tax law, in relation to a real estate tax abatement program for certain commercial, industrial and manufacturing properties in a city of one million or more persons (Subpart G) (Part GG); to amend the state finance law, in relation to establishing a spending cap and establishing a tax freedom fund (Part HH); to amend the tax law, in relation to simple personal income tax (Part II); to amend the tax law, in relation to the cost of living adjustment (Part JJ); to amend the general municipal law and the tax law, in relation to establishing an angel tax credit for investments made in small businesses (Part KK); to amend the tax law, in relation to exempting the proceeds from service award programs for volunteer firefighters and ambulance workers from personal income taxes (Part LL); to amend the tax law, in relation to establishing the public safety communications surcharge on prepaid wireless telecommunications services (Part MM); to amend the tax law, in relation to the prepayment of

sales tax on motor fuel and diesel motor fuel and in relation to increasing the amount of tax required to be prepaid on motor fuel (Part NN); to amend the tax law, in relation to the exemption of political subdivisions from the imposition of the metropolitan commuter transportation mobility tax (Part OO); to amend the tax law, in relation to increasing the maximum award available under the historic preservation tax credit; and providing for the repeal of such provisions upon expiration thereof (Part PP); to amend the civil practice law and rules, in relation to the undertaking required during the pendency of a stay of enforcement of a judgment against a participating or non-participating manufacturer under the master settlement agreement (Part QQ); to amend the tax law, in relation to eliminating sales tax on transportation services; and to repeal certain provisions of such law relating thereto (Part RR); to amend the tax law, in relation to the sale of food and beverages through vending machines (Part SS); to amend the tax law, in relation to establishing business franchise and personal income tax credits for certain musical and theatrical production expenses (Part TT); to amend the tax law, in relation to establishing a credit against income tax for the rehabilitation of distressed commercial properties (Part UU); to amend chapter 912 of the laws of 1920 relating to the regulation of boxing, sparring and wrestling, in relation to establishing protocols for combative sports and authorizing mixed martial arts events in this state; to amend the tax law, in relation to the imposition of a tax on the gross receipts of any person holding any professional or amateur boxing, sparring or wrestling match or exhibition, or professional combative sports match or exhibition; and to amend the alcoholic beverage control law, in relation to allowing matches or exhibitions on the premises of certain licensees (Part VV); to amend the tax law, in relation to providing an asbestos remediation tax credit (Part WW); to amend the tax law, in relation to exempting from sales and compensating use taxes the purchase of general aviation aircraft; and providing for the repeal of certain provisions upon expiration thereof (Part XX); to amend the tax law, in relation to biofuel production credit for production of cellulosic ethanol (Part YY); to amend the tax law, in relation to establishing a business franchise and personal income tax credit for natural resources improvement projects upon farmlands and forestlands (Part ZZ); to amend the tax law, in relation to contributions made to a farm reserve account (Part AAA); to amend the racing, pari-mutuel wagering and breeding law, in relation to the simulcasting of races; and repealing certain provisions of such law relating thereto (Part BBB); to amend the tax law, in relation to video lottery gaming (Part CCC); to amend the tax law, in relation to increasing the percentage New York shall receive from a marketing allowance on the total revenue from vendor tracks (Part DDD); to amend the tax law, in relation to allowing vendor tracks to receive revenues when located within certain development zoneregions (Part EEE); to amend the tax law, in relation to the disposition of revenues from video lottery gaming (Part FFF); to amend the racing, pari-mutuel wagering and breeding law, in relation to simulcasting of out-of-state thoroughbred races (Part GGG); to amend the tax law, in relation to monetary reporting (Part HHH); to amend the tax law, in relation to providing that the low income housing credit shall be treated as an overpayment of taxes (Part III); to amend the tax law and the education law, in relation to enacting the "education investment incentives act" (Part JJJ); to amend the labor law and the tax law, in relation

to the creation of the workers with disabilities tax credit program (Part KKK); to amend the tax law, in relation to authorizing advertising during quick draw and authorizing the gaming commission to sell advertising space on lottery tickets (Part LLL); in relation to the definition of "equipment" when used in certain circumstances related to empire zones (Part MMM); to amend the environmental conservation law, in relation to pre-installation review and certification of green roof materials; and to amend the tax law, in relation to establishing a green roof installation credit (Part NNN); to amend the tax law and the state finance law, in relation to establishing the study and stay program (Part OOO); to amend the tax law, in relation to establishing a gift for eliminating the stigma relating to mental illness on personal income tax returns; to amend the state finance law, in relation to establishing a mental illness anti-stigma fund; and to amend the mental hygiene law, in relation to directing the office of mental health to provide grants to organizations dedicated to eliminating the stigma attached to mental illness and persons with mental health needs (Part PPP); to amend the state finance law, in relation to requiring the department of health to submit certain reports to the legislature; and to amend the tax law, in relation to gifts for prostate and testicular cancer research and education (Part QQQ); to amend the tax law, in relation to establishing tax credits for taxpayers which provide their employees with access to federal qualified transportation fringe benefits (Part RRR); to amend the tax law, in relation to the exemption of libraries from the imposition of the metropolitan commuter transportation mobility tax (Part SSS); to amend the tax law, in relation to providing a tax credit to farmers who sell or rent their agricultural land to a young farmer (Part TTT); to amend the tax law, in relation to providing a tax credit for allowable college expenses (Part UUU); to amend the tax law, in relation to sales and compensating use taxes (Part VVV); to amend the economic development law, the urban development corporation act, the state finance law and the tax law, in relation to establishing the New York state digital game development and incentive act (Part WWW); to amend the urban development corporation act, the tax law and the public service law, in relation to New York state incubators and hotspots (Part XXX); and to amend the public housing law and the tax law, in relation to providing certain tax credits for construction or rehabilitation of middle-income housing (Part YYY)

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. This act enacts into law major components of legislation
2 which are necessary to implement the state fiscal plan for the 2014-2015
3 state fiscal year. Each component is wholly contained within a Part
4 identified as Parts A through YYY. The effective date for each partic-
5 ular provision contained within such Part is set forth in the last
6 section of such Part. Any provision in any section contained within a
7 Part, including the effective date of the Part, which makes a reference
8 to a section "of this act", when used in connection with that particular
9 component, shall be deemed to mean and refer to the corresponding
10 section of the Part in which it is found. Section three of this act sets
11 forth the general effective date of this act.

1

PART A

2 Section 1. Article 32 of the tax law is REPEALED.

3 S 2. Section 180 of the tax law is REPEALED.

4 S 3. Section 181 of the tax law is REPEALED.

5 S 4. Section 208 of the tax law, as added by chapter 415 of the laws
6 of 1944, subdivision 1 as amended by chapter 576 of the laws of 1994,
7 subdivision 1-A as amended by chapter 166 of the laws of 1991, subdivi-
8 sion 1-B as added by section 45 of part A and paragraph (k) of subdivi-
9 sion 9 as added by section 46 of part A of chapter 389 of the laws of
10 1997, subdivision 3, the opening paragraph, subparagraphs 6 and 11 of
11 paragraph (b), and the opening paragraph of paragraph (g) of subdivision
12 9 as amended and subdivision 8-B and subparagraph 3-a of paragraph (b)
13 of subdivision 9 as added by chapter 817 of the laws of 1987, subdivi-
14 sion 4 as amended by section 1, subdivision 6 as amended by section 2
15 and subparagraph 2 of paragraph (a) of subdivision 9 as amended by
16 section 7 of part M of chapter 407 of the laws of 1999, subdivisions 5
17 and 7, paragraph (a) of subdivision 8-B, subparagraph 10 of paragraph
18 (b) and paragraph (j) of subdivision 9 as amended, paragraph (d) of
19 subdivision 8-B and paragraph (c-1) of subdivision 9 as added and para-
20 graphs (e) and (f) of subdivision 8-B as relettered by chapter 170 of
21 the laws of 1994, subdivisions 8 and 10 as amended by chapter 133 of the
22 laws of 1945, subdivision 8-A as added and subparagraph 1 of paragraph
23 (a) of subdivision 9 as amended by chapter 778 of the laws of 1972,
24 paragraph (b) of subdivision 8-A and paragraph (i) of subdivision 9 as
25 amended by chapter 779 of the laws of 1972, subdivision 9 as amended by
26 chapter 713 of the laws of 1961, paragraph (a) of subdivision 9 as
27 amended by chapter 203 of the laws of 1962, subparagraphs 5, 9 and 10 of
28 paragraph (a) and subparagraphs 8 and 9 of paragraph (b) of subdivision
29 9 as amended by chapter 61 of the laws of 1989 and paragraph (f) of
30 subdivision 9 as separately amended by sections 278 and 347 of chapter
31 61 of the laws of 1989, clause (i) of subparagraph 5 of paragraph (a) of
32 subdivision 9 as amended by section 2 and subparagraph 20 of paragraph
33 (b) of subdivision 9 as added by section 3 of part C of chapter 25 of
34 the laws of 2009, subparagraph 6 of paragraph (a) of subdivision 9 as
35 added by chapter 895 of the laws of 1975 and as renumbered by chapter
36 613 of the laws of 1976, subparagraph 7 of paragraph (a) of subdivision
37 9 as added by chapter 33 of the laws of 1978, subparagraph 8 of para-
38 graph (a) and subparagraph 7 of paragraph (b) of subdivision 9 as
39 amended by chapter 639 of the laws of 1986, subparagraph 11 of paragraph
40 (a) of subdivision 9 as added by chapter 15 of the laws of 1983, subpar-
41 agraph 12 of paragraph (a), subparagraph 4-a of paragraph (b) and
42 subparagraph 2 of paragraph (h) of subdivision 9 as amended and subpara-
43 graph 13 of paragraph (a) of subdivision 9 as added by chapter 760 of
44 the laws of 1992, subparagraph 14 of paragraph (a) of subdivision 9 as
45 added by section 101 and paragraphs (l) and (m) of subdivision 9 as
46 added by section 102 of part A of chapter 56 of the laws of 1998,
47 subparagraph 15 of paragraph (a) of subdivision 9 as amended by section
48 1 of part ZZ of chapter 63 of the laws of 2003, subparagraph 16 of para-
49 graph (a) of subdivision 9 as added by section 1 of part K3, subpara-
50 graph 16 of paragraph (b) of subdivision 9 as added by section 2 of part
51 K3, subparagraph 17 of paragraph (b) of subdivision 9 as added by
52 section 2 of part O3, and paragraphs (o), (p) and (q) of subdivision 9
53 as added by section 3 of part O3 of chapter 62 of the laws of 2003,
54 subparagraph 18 of paragraph (a) of subdivision 9 as added by section 3
55 of part C and paragraph (o) of subdivision 9 as amended by section 2 of

1 part E of chapter 59 of the laws of 2013, subparagraph 3 of paragraph
2 (b) of subdivision 9 as amended by chapter 895 of the laws of 1975,
3 subparagraph 4 of paragraph (b) and subparagraph 4 of paragraph (f) of
4 subdivision 9 as amended by chapter 190 of the laws of 1990, subpara-
5 graph 15 of paragraph (b) of subdivision 9 as added by chapter 309 of
6 the laws of 1996, subparagraph 18 of paragraph (b) of subdivision 9 as
7 added by section 21 of part H of chapter 1 of the laws of 2003, subpara-
8 graph 19 of paragraph (b) of subdivision 9 as added by section 1 of part
9 HH1 of chapter 57 of the laws of 2008, subparagraph 20-a of paragraph
10 (b) of subdivision 9 as added by section 2-a of part T of this act, and
11 paragraphs (c-2) and (c-3) of subdivision 9 as added by section 10 of
12 part Y of chapter 63 of the laws of 2000, paragraph (g) of subdivision 9
13 as added by chapter 178 of the laws of 1965, subparagraph 1 and clauses
14 (B) and (C) of subparagraph 3 of paragraph (g) of subdivision 9 as
15 amended by chapter 613 of the laws of 1976, clause (A) of subparagraph 1
16 of paragraph (g) of subdivision 9 as separately amended by chapters 675
17 and 836 of the laws of 1977, clause (B) of subparagraph 1, clause (A) of
18 subparagraph 2 and clause (A) of subparagraph 3 of paragraph (g) of
19 subdivision 9 as amended by chapter 675 of the laws of 1977, item 1 of
20 clause (B) of subparagraph 1 of paragraph (g) of subdivision 9 as
21 amended by chapter 972 of the laws of 1984, clause (B) of subparagraph 2
22 of paragraph (g) of subdivision 9 as amended by chapter 365 of the laws
23 of 1979, clause (C) of subparagraph 2 of paragraph (g) of subdivision 9
24 as amended by chapter 1005 of the laws of 1970, paragraph (h) of subdi-
25 vision 9 as amended by chapter 606 of the laws of 1984, paragraph (n) of
26 subdivision 9 as added by section 1 of part O of chapter 85 of the laws
27 of 2002, subdivision 12 as added by chapter 828 of the laws of 1977,
28 subdivision 19 as added by chapter 681 of the laws of 1997, is amended
29 to read as follows:

30 S 208. Definitions. As used in this article:

31 1. The term "corporation" includes (a) an association within the mean-
32 ing of paragraph three of subsection (a) of section seventy-seven
33 hundred one of the internal revenue code (including a limited liability
34 company), (b) a joint-stock company or association, (c) a publicly trad-
35 ed partnership treated as a corporation for purposes of the internal
36 revenue code pursuant to section seventy-seven hundred four thereof and
37 (d) any business conducted by a trustee or trustees wherein interest or
38 ownership is evidenced by certificate or other written instrument.
39 "DISC" and "former DISC" mean any corporation which meets the require-
40 ments of subsection (a) of section nine hundred ninety-two of the inter-
41 nal revenue code[;].

42 1-A. The term "New York S corporation" means, with respect to any
43 taxable year, a corporation subject to tax under this article for which
44 an election is in effect pursuant to subsection (a) of section six
45 hundred sixty of this chapter for such year, any such year shall be
46 denominated a "New York S year", and such election shall be denominated
47 a "New York S election". The term "New York C corporation" means, with
48 respect to any taxable year, a corporation subject to tax under this
49 article which is not a New York S corporation, and any such year shall
50 be denominated a "New York C year". The term "termination year" means
51 any taxable year of a corporation during which the New York S election
52 terminates on a day other than the first day of such year. The portion
53 of the taxable year ending before the first day for which such termi-
54 nation is effective shall be denominated the "S short year", and the
55 portion of such year beginning on such first day shall be denominated
56 the "C short year". The term "New York S termination year" means any

1 termination year which is not also an S termination year for federal
2 purposes.

3 1-B. The term "QSSS" means a corporation which is a qualified subchap-
4 ter S subsidiary as defined in subparagraph (B) of paragraph three of
5 subsection (b) of section thirteen hundred sixty-one of the internal
6 revenue code. The term "exempt QSSS" means a QSSS exempt from tax under
7 this article as provided in paragraph (k) of subdivision nine of this
8 section, or a QSSS described in subclause (i) of clause (B) of subpara-
9 graph two of paragraph (k) of subdivision nine of this section, wherein
10 the parent corporation of the QSSS is subject to tax under this article,
11 and the assets, liabilities, income and deductions of the QSSS are
12 treated as the assets, liabilities, income and deductions of the parent
13 corporation. Where a QSSS is an exempt QSSS, then for all purposes under
14 this article:

15 (a) the assets, liabilities, income, deductions, property, payroll,
16 receipts, capital, credits, and all other tax attributes and elements of
17 economic activity of the QSSS shall be deemed to be those of the parent
18 corporation,

19 (b) the stocks, bonds and other securities issued by, and any indebt-
20 edness from, the QSSS shall not be [subsidiary,] investment or business
21 capital of the parent corporation,

22 (c) transactions between the parent corporation and the QSSS, includ-
23 ing the payment of interest and dividends, shall not be taken into
24 account, and

25 (d) general executive officers of the QSSS shall be deemed to be
26 general executive officers of the parent corporation.

27 2. The term "taxpayer" means any corporation subject to tax under this
28 article[;].

29 3. The term "subsidiary" means a corporation of which over fifty
30 percent of the number of shares of stock entitling the holders thereof
31 to vote for the election of directors or trustees is owned by the
32 taxpayer[;].

33 4. The term ["subsidiary capital" means investments in the stock of
34 subsidiaries and any indebtedness from subsidiaries, exclusive of
35 accounts receivable acquired in the ordinary course of trade or business
36 for services rendered or for sales of property held primarily for sale
37 to customers, whether or not evidenced by written instrument, on which
38 interest is not claimed and deducted by the subsidiary for purposes of
39 taxation under article nine-A, thirty-two or thirty-three of this chap-
40 ter, provided, however, that, in the discretion of the commissioner,
41 there shall be deducted from subsidiary capital any liabilities which
42 are directly or indirectly attributable to subsidiary capital] "STOCK"
43 MEANS A DIRECT INTEREST IN A CORPORATION THAT IS TREATED AS EQUITY FOR
44 FEDERAL INCOME TAX PURPOSES.

45 5. (A) The term "investment capital" means investments in stocks[,
46 bonds and other securities, corporate and governmental,] THAT ARE HELD
47 BY THE TAXPAYER FOR MORE THAN SIX CONSECUTIVE MONTHS BUT ARE not held
48 for sale to customers in the regular course of business, [exclusive of
49 subsidiary capital] OR, IF THE TAXPAYER MAKES THE ELECTION PROVIDED FOR
50 IN SUBPARAGRAPH ONE OF PARAGRAPH (A) OF SUBDIVISION THREE OF SECTION TWO
51 HUNDRED TEN-A OF THIS ARTICLE, ARE NOT QUALIFIED FINANCIAL INSTRUMENTS
52 AS DESCRIBED IN SUBDIVISION FIVE OF SECTION TWO HUNDRED TEN-A OF THIS
53 ARTICLE. STOCK IN A CORPORATION THAT IS CONDUCTING A UNITARY BUSINESS
54 WITH THE TAXPAYER, STOCK IN A CORPORATION THAT IS INCLUDED IN A COMBINED
55 REPORT WITH THE TAXPAYER PURSUANT TO THE COMMONLY OWNED GROUP ELECTION
56 IN SUBDIVISION FIVE OF SECTION TWO HUNDRED TEN-C OF THIS ARTICLE, and

1 stock issued by the taxpayer[, provided, however, that, in the
2 discretion of the commissioner, there] SHALL NOT CONSTITUTE INVESTMENT
3 CAPITAL. FOR PURPOSES OF THIS SUBDIVISION, IF THE TAXPAYER OWNS OR
4 CONTROLS, DIRECTLY OR INDIRECTLY, LESS THAN TWENTY PERCENT OF THE STOCK
5 OF A CORPORATION THAT ENTITLES THE HOLDERS THEREOF TO VOTE FOR THE
6 ELECTION OF TRUSTEES OR DIRECTORS, THAT CORPORATION WILL BE PRESUMED TO
7 BE CONDUCTING A BUSINESS THAT IS NOT UNITARY WITH THE BUSINESS OF THE
8 TAXPAYER.

9 (B) THERE shall be deducted from investment capital any liabilities
10 which are directly or indirectly attributable to investment capital[;
11 and provided, further, that investment]. IF THE AMOUNT OF THOSE LIABIL-
12 ITIES EXCEEDS THE AMOUNT OF INVESTMENT CAPITAL, THE AMOUNT OF INVESTMENT
13 CAPITAL WILL BE ZERO.

14 (C) INVESTMENT capital shall not include any such investments the
15 income from which is excluded from entire net income pursuant to the
16 provisions of paragraph (c-1) of subdivision nine of this section, and
17 that investment capital shall be computed without regard to liabilities
18 directly or indirectly attributable to such investments, but only if air
19 carriers organized in the United States and operating in the foreign
20 country or countries in which the taxpayer has its major base of oper-
21 ations and in which it is organized, resident or headquartered (if not
22 in the same country as its major base of operations) are not subject to
23 any tax based on or measured by capital imposed by such foreign country
24 or countries or any political subdivision thereof, or if taxed, are
25 provided an exemption, equivalent to that provided for herein, from any
26 tax based on or measured by capital imposed by such foreign country or
27 countries and from any such tax imposed by any political subdivision
28 thereof[;].

29 (D) IF A TAXPAYER ACQUIRES STOCK DURING THE SECOND HALF OF ITS TAXABLE
30 YEAR AND OWNS THAT STOCK ON THE LAST DAY OF THE TAXABLE YEAR, IT WILL BE
31 PRESUMED THAT THE TAXPAYER HELD THAT STOCK FOR MORE THAN SIX CONSECUTIVE
32 MONTHS DURING THE TAXABLE YEAR. HOWEVER, IF THE TAXPAYER DOES NOT IN
33 FACT HOLD THAT STOCK FOR MORE THAN SIX CONSECUTIVE MONTHS, THE TAXPAYER
34 MUST INCREASE ITS TOTAL BUSINESS CAPITAL IN THE IMMEDIATELY SUCCEEDING
35 TAXABLE YEAR BY THE AMOUNT INCLUDED IN INVESTMENT CAPITAL FOR THAT
36 STOCK, NET OF ANY LIABILITIES ATTRIBUTABLE TO THAT STOCK COMPUTED AS
37 PROVIDED IN PARAGRAPH (B) OF THIS SUBDIVISION.

38 (E) WHEN INCOME OR GAIN FROM A DEBT OBLIGATION OR OTHER SECURITY
39 CANNOT BE APPORTIONED TO THE STATE USING THE BUSINESS ALLOCATION
40 PERCENTAGE AS A RESULT OF UNITED STATES CONSTITUTIONAL PRINCIPLES, THE
41 DEBT OBLIGATION OR OTHER SECURITY WILL BE INCLUDED IN INVESTMENT CAPI-
42 TAL.

43 6. (A) The term "investment income" means income, including capital
44 gains in excess of capital losses, from investment capital, to the
45 extent included in computing entire net income, less, [(a)] in the
46 discretion of the commissioner, any INTEREST deductions allowable in
47 computing entire net income which are directly or indirectly attribut-
48 able to investment capital or investment income[, and (b) such portion
49 of any net operating loss deduction allowable in computing entire net
50 income, as the investment income, before such deduction, bears to entire
51 net income, before such deduction,] provided, however, that in no case
52 shall investment income exceed entire net income[;]. IF THE TAXPAYER
53 ATTRIBUTES INTEREST DEDUCTIONS TO INVESTMENT INCOME AND THE AMOUNT
54 SUBTRACTED EXCEEDS INVESTMENT INCOME, THE EXCESS OF THE INTEREST
55 DEDUCTIONS OVER INVESTMENT INCOME MUST BE ADDED BACK TO ENTIRE NET
56 INCOME.

1 (B) IN LIEU OF SUBTRACTING FROM INVESTMENT INCOME THE AMOUNT OF THOSE
2 INTEREST DEDUCTIONS, THE TAXPAYER MAY ELECT TO REDUCE ITS TOTAL INVEST-
3 MENT INCOME BY FORTY PERCENT. IF THE TAXPAYER MAKES THIS ELECTION, THE
4 TAXPAYER MUST ALSO MAKE THE ELECTIONS PROVIDED FOR IN PARAGRAPHS (B) AND
5 (C) OF SUBDIVISION SIX-A OF THIS SECTION. A TAXPAYER WHICH DOES NOT MAKE
6 THIS ELECTION BECAUSE IT HAS NO INVESTMENT CAPITAL WILL NOT BE PRECLUDED
7 FROM MAKING THOSE OTHER ELECTIONS.

8 (C) INVESTMENT INCOME SHALL NOT INCLUDE ANY AMOUNT TREATED AS DIVI-
9 DENDS PURSUANT TO SECTION SEVENTY-EIGHT OF THE INTERNAL REVENUE CODE.

10 6-A. (A) THE TERM "OTHER EXEMPT INCOME" MEANS THE SUM OF EXEMPT
11 SUBPART F INCOME AND EXEMPT UNITARY CORPORATION DIVIDENDS.

12 (B) "EXEMPT SUBPART F INCOME" MEANS THE INCOME, AS DEFINED IN SECTION
13 952 OF THE INTERNAL REVENUE CODE, RECEIVED FROM A CORPORATION THAT IS
14 CONDUCTING A UNITARY BUSINESS WITH THE TAXPAYER BUT IS NOT INCLUDED IN A
15 COMBINED REPORT WITH THE TAXPAYER, LESS, IN THE DISCRETION OF THE
16 COMMISSIONER, ANY INTEREST DEDUCTIONS DIRECTLY OR INDIRECTLY ATTRIBUT-
17 ABLE TO THAT INCOME. IN LIEU OF SUBTRACTING FROM ITS EXEMPT SUBPART F
18 INCOME THE AMOUNT OF THOSE INTEREST DEDUCTIONS, THE TAXPAYER MAY ELECT
19 TO REDUCE ITS TOTAL EXEMPT SUBPART F INCOME BY FORTY PERCENT. IF THE
20 TAXPAYER MAKES THIS ELECTION, THE TAXPAYER MUST ALSO MAKE THE ELECTIONS
21 PROVIDED FOR IN PARAGRAPH (B) OF SUBDIVISION SIX OF THIS SECTION AND
22 PARAGRAPH (C) OF THIS SUBDIVISION. A TAXPAYER WHICH DOES NOT MAKE THIS
23 ELECTION BECAUSE IT HAS NO EXEMPT SUBPART F INCOME WILL NOT BE PRECLUDED
24 FROM MAKING THOSE OTHER ELECTIONS.

25 (C) "EXEMPT UNITARY CORPORATION DIVIDENDS" MEANS THOSE DIVIDENDS FROM
26 A CORPORATION THAT IS CONDUCTING A UNITARY BUSINESS WITH THE TAXPAYER
27 BUT IS NOT INCLUDED IN A COMBINED REPORT WITH THE TAXPAYER, LESS, IN THE
28 DISCRETION OF THE COMMISSIONER, ANY INTEREST DEDUCTIONS DIRECTLY OR
29 INDIRECTLY ATTRIBUTABLE TO SUCH INCOME. IN LIEU OF SUBTRACTING FROM
30 THIS DIVIDEND INCOME THOSE INTEREST DEDUCTIONS, THE TAXPAYER, OTHER THAN
31 TAXPAYERS THAT ARE OR WOULD BE TAXABLE IF DOING BUSINESS IN THIS STATE
32 UNDER ARTICLE NINE OR ARTICLE THIRTY-THREE OF THIS CHAPTER MAY ELECT TO
33 REDUCE THE TOTAL AMOUNT OF THIS DIVIDEND INCOME BY FORTY PERCENT. IF THE
34 TAXPAYER MAKES THIS ELECTION, THE TAXPAYER MUST ALSO MAKE THE ELECTIONS
35 PROVIDED FOR IN PARAGRAPH (B) OF SUBDIVISION SIX OF THIS SECTION AND
36 PARAGRAPH (B) OF THIS SUBDIVISION. A TAXPAYER WHICH DOES NOT MAKE THIS
37 ELECTION BECAUSE IT HAS NOT RECEIVED ANY EXEMPT UNITARY CORPORATION
38 DIVIDENDS WILL NOT BE PRECLUDED FROM MAKING THOSE OTHER ELECTIONS.

39 (D) IF THE TAXPAYER ATTRIBUTES INTEREST DEDUCTIONS TO OTHER EXEMPT
40 INCOME AND THE AMOUNT SUBTRACTED EXCEEDS OTHER EXEMPT INCOME, THE EXCESS
41 OF THE INTEREST DEDUCTIONS OVER OTHER EXEMPT INCOME MUST BE ADDED BACK
42 TO ENTIRE NET INCOME. IN NO CASE SHALL OTHER EXEMPT INCOME EXCEED ENTIRE
43 NET INCOME.

44 (E) OTHER EXEMPT INCOME SHALL NOT INCLUDE ANY AMOUNT TREATED AS DIVI-
45 DENDS PURSUANT TO SECTION SEVENTY-EIGHT OF THE INTERNAL REVENUE CODE.

46 7. (a) The term "business capital" means all assets, other than
47 [subsidiary capital,] investment capital and stock issued by the taxpay-
48 er, less liabilities not deducted from [subsidiary or] investment capi-
49 tal [except that cash on hand and on deposit shall be treated as invest-
50 ment capital or as business capital as the taxpayer may elect].
51 BUSINESS CAPITAL SHALL INCLUDE ONLY THOSE ASSETS THE INCOME, LOSS OR
52 EXPENSE OF WHICH ARE PROPERLY REFLECTED (OR WOULD HAVE BEEN PROPERLY
53 REFLECTED IF NOT FULLY DEPRECIATED OR EXPENSED OR DEPRECIATED OR
54 EXPENSED TO A NOMINAL AMOUNT) IN THE COMPUTATION OF ENTIRE NET INCOME
55 FOR THE TAXABLE YEAR.

1 (b) Provided, however, "business capital" shall not include assets to
2 the extent employed for the purpose of generating income which is
3 excluded from entire net income pursuant to the provisions of paragraph
4 (c-1) of subdivision nine of this section and shall be computed without
5 regard to liabilities directly or indirectly attributable to such
6 assets, but only if air carriers organized in the United States and
7 operating in the foreign country or countries in which the taxpayer has
8 its major base of operations and in which it is organized, resident or
9 headquartered (if not in the same country as its major base of oper-
10 ations) are not subject to any tax based on or measured by capital
11 imposed by such foreign country or countries or any political subdivi-
12 sion thereof, or if taxed, are provided an exemption, equivalent to that
13 provided for herein, from any tax based on or measured by capital
14 imposed by such foreign country or countries and from any such tax
15 imposed by any political subdivision thereof[;].

16 8. The term "business income" means entire net income minus investment
17 income[;] AND OTHER EXEMPT INCOME. IN NO EVENT SHALL THE SUM OF INVEST-
18 MENT INCOME AND OTHER EXEMPT INCOME EXCEED ENTIRE NET INCOME. IF THE
19 TAXPAYER MAKES THE ELECTION PROVIDED FOR IN SUBPARAGRAPH ONE OF PARA-
20 GRAPH (A) OF SUBDIVISION FIVE OF SECTION TWO HUNDRED TEN-A OF THIS ARTI-
21 CLE, THEN ALL INCOME FROM QUALIFIED FINANCIAL INSTRUMENTS SHALL CONSTI-
22 TUTE BUSINESS INCOME.

23 8-A. Provided, however, that with respect to a DISC or a former DISC,
24 the following provisions shall apply:

25 (a) investments in the stocks, bonds or other securities of a DISC or
26 any indebtedness from a DISC shall not be treated as [either subsidiary
27 capital or] investment capital under [subdivisions four or] SUBDIVISION
28 five of this section,

29 (b) any amounts deemed distributed from a DISC or a former DISC which
30 are taxable as dividends pursuant to subsection (b) of section nine
31 hundred ninety-five of the internal revenue code of nineteen hundred
32 fifty-four shall be treated as business income, except any such amounts
33 from a former DISC attributable to amounts includible in a taxpayer's
34 entire net income for a prior taxable year under subparagraph (B) of
35 paragraph (i) of subdivision nine of this section shall be excluded from
36 entire net income,

37 (c) any gain recognized for federal income tax purposes on the dispo-
38 sition of stock in a DISC, and any gain recognized on the disposition of
39 stock in a former DISC, includible in gross income as a dividend pursu-
40 ant to subsection (c) of section nine hundred ninety-five of the inter-
41 nal revenue code of nineteen hundred fifty-four, shall be treated as
42 business income, and

43 (d) except as provided in paragraph (i) of subdivision nine of this
44 section, any actual distribution from a DISC or a former DISC shall be
45 treated as business income except an actual distribution which for
46 federal income tax purposes is treated as made out of "other earnings
47 and profits" under section nine hundred ninety-six of the internal
48 revenue code of nineteen hundred fifty-four, in which case such actual
49 distribution shall be treated as [either subsidiary income or] invest-
50 ment income under this article.

51 [8-B. (a) The term "minimum taxable income" shall mean the entire net
52 income of the taxpayer for the taxable year:

53 (1) increased by the amount of the federal items of tax preference set
54 forth in section fifty-seven of the internal revenue code (with the
55 modifications set forth in paragraph (b) of this subdivision), which
56 items of tax preference shall have the same meaning and be computed in

the same manner as under section fifty-seven of the internal revenue code,

(2) determined with the federal adjustments described in paragraph (c) of this subdivision, which adjustments shall have the same meaning and be computed in the same manner as under sections fifty-six and fifty-eight of the internal revenue code,

(3) increased by the net operating loss deduction otherwise allowed under paragraph (f) of subdivision nine of this section, and

(4) reduced, for taxable years beginning after nineteen hundred ninety-three, by the alternative net operating loss deduction, as defined in paragraph (d) of this subdivision.

(b) The federal items of tax preference referred to hereinabove shall be modified by deducting "tax-exempt interest" and "accelerated depreciation or amortization on certain property placed in service before January 1, 1987", as determined under paragraphs five and seven of subsection (a) of section fifty-seven of the internal revenue code.

(c) The adjustments referred to hereinabove shall be:

(1) "Depreciation" as determined under paragraph one of subsection (a) of section fifty-six of the internal revenue code. For purposes of this subparagraph, the depreciation item of adjustment provided for here shall not include any amount attributable to property for which the tax benefits of the accelerated cost recovery system are not available under this article by reason of subparagraph ten of paragraph (b) of subdivision nine of this section;

(2) "Mining exploration and development costs" as determined under paragraph two of subsection (a) of section fifty-six of the internal revenue code;

(3) "Treatment of certain long-term contracts" as determined under paragraph three of subsection (a) of section fifty-six of the internal revenue code;

(4) "Installment sales of certain property" as determined under paragraph six of subsection (a) of section fifty-six of the internal revenue code;

(5) "Circulation expenditures of personal holding companies" as determined under subparagraph (C) of paragraph two of subsection (b) of section fifty-six of the internal revenue code;

(6) "Merchant marine capital construction funds" as determined under paragraph two of subsection (c) of section fifty-six of the internal revenue code;

(7) "Disallowance of passive activity loss" as determined under subsection (b) of section fifty-eight of the internal revenue code; and

(8) "Adjusted basis", as it appears in paragraph seven of subsection (a) of section fifty-six of the internal revenue code, but without taking into account the references therein to paragraph five of subsection (a) of section fifty-six of the internal revenue code.

(d) The term "alternative net operating loss deduction" means the net operating loss deduction allowed for the taxable year under paragraph (f) of subdivision nine of this section, except as provided herein.

(1)(A) The net operating loss for any year beginning after nineteen hundred eighty-nine which is included in determining such deduction shall be determined with the adjustments provided in subparagraph two of paragraph (a) of this subdivision, and shall be reduced by the items of tax preference determined under subparagraph one of paragraph (a) of this subdivision, attributable to such year. An item of tax preference shall be taken into account only to the extent such item increased the

1 amount of the net operating loss for the taxable year under paragraph
2 (f) of subdivision nine of this section.

3 (B) In the case of loss years beginning before nineteen hundred nine-
4 ty, the amount of the net operating loss which may be carried over to
5 taxable years beginning after nineteen hundred eighty-nine shall be
6 equal to an amount which may be carried from the loss year to the first
7 taxable year of the taxpayer beginning after nineteen hundred eighty-
8 nine.

9 (2) In determining the amount of such deduction, loss carryforwards
10 and carrybacks shall, subject to the provisions of subparagraph five of
11 paragraph (f) of subdivision nine of this section, be computed in the
12 manner set forth in paragraph two of subsection (b) of section one
13 hundred seventy-two of the internal revenue code, except that, for the
14 reference therein to taxable income, there shall be substituted the
15 phrase "ninety percent of minimum taxable income determined without
16 regard to the alternative net operating loss deduction".

17 (3) The amount of such deduction shall not exceed ninety percent of
18 minimum taxable income determined without regard to such deduction,
19 provided, however, the term "ninety percent" shall be read as "forty-
20 five percent" with respect to taxable years beginning in nineteen
21 hundred ninety-four.

22 (e) The tax commission may, whenever necessary in order to properly
23 reflect the minimum taxable income of any taxpayer, determine the year
24 or period in which any item of income or deduction shall be included,
25 without regard to the method of accounting employed by the taxpayer.

26 (f) If the period covered by a report under this article is other than
27 the period covered by the report to the United States treasury depart-
28 ment, the minimum taxable income shall be appropriately modified pursu-
29 ant to regulations promulgated by the tax commission.]

30 9. The term "entire net income" means total net income from all sourc-
31 es, which shall be presumably the same as the entire taxable income
32 [(but not alternative minimum taxable income)], WHICH, EXCEPT AS HEREIN-
33 AFTER PROVIDED IN THIS SUBDIVISION,

34 (i) [which] the taxpayer is required to report to the United States
35 treasury department, or

36 (ii) [which] the taxpayer would have been required to report to the
37 United States treasury department if it had not made an election under
38 subchapter s of chapter one of the internal revenue code, or

39 (iii) [which] the taxpayer, in the case of a corporation which is
40 exempt from federal income tax (other than the tax on unrelated business
41 taxable income imposed under section 511 of the internal revenue code)
42 but which is subject to tax under this article, would have been required
43 to report to the United States treasury department but for such
44 exemption, [except as hereinafter provided, and subject to any modifica-
45 tion required by paragraphs (d) and (e) of subdivision three of section
46 two hundred ten of this article] OR

47 (IV) IN THE CASE OF A CORPORATION ORGANIZED UNDER THE LAWS OF A COUN-
48 TRY OTHER THAN THE UNITED STATES, IS EFFECTIVELY CONNECTED WITH THE
49 CONDUCT OF A TRADE OR BUSINESS WITHIN THE UNITED STATES AS DETERMINED
50 UNDER SECTION 882 OF THE INTERNAL REVENUE CODE,

51 (a) Entire net income shall not include:

52 [(1) income, gains and losses from subsidiary capital which do not
53 include the amount of a recovery in respect of any war loss except for
54 such amounts from a former DISC which are treated as business income
55 under subdivision eight-A of this section,

1 (2) fifty percent of dividends (A) other than from subsidiaries, and
2 (B) other than amounts treated as business income under subdivision
3 eight-A of this section, on shares of stock which conform to the
4 requirements of subsection (c) of section two hundred forty-six of the
5 internal revenue code.]

6 (3) bona fide gifts,

7 (4) income and deductions with respect to amounts received from school
8 districts and from corporations and associations, organized and operated
9 exclusively for religious, charitable or educational purposes, no part
10 of the net earnings of which inures to the benefit of any private share-
11 holder or individual, for the operation of school buses,

12 (5) (i) any refund or credit of a tax imposed under this article,
13 article twenty-three, or FORMER article thirty-two of this chapter, for
14 which tax no exclusion or deduction was allowed in determining the
15 taxpayer's entire net income under this article, article twenty-three,
16 or FORMER article thirty-two of this chapter for any prior year, (ii) a
17 refund or credit of general corporation tax allowed by subdivision elev-
18 en of section 11-604 of the administrative code of the city of New York,
19 or (iii) any refund or credit of a tax imposed under sections one
20 hundred eighty-three, one hundred eighty-three-a, one hundred eighty-
21 four or one hundred eighty-four-a of this chapter, and

22 (6) any amount treated as dividends pursuant to section seventy-eight
23 of the internal revenue code [and not otherwise deductible under subpar-
24 agraphs one and two of this paragraph];

25 (7) that portion of wages and salaries paid or incurred for the taxa-
26 ble year for which a deduction is not allowed pursuant to the provisions
27 of section two hundred eighty-C of the internal revenue code.

28 [(8) in the case of a taxpayer who is separately or as a partner of a
29 partnership doing an insurance business as a member of the New York
30 insurance exchange described in section six thousand two hundred one of
31 the insurance law, any item of income, gain, loss or deduction of such
32 business which is the taxpayer's distributive or pro rata share for
33 federal income tax purposes or which the taxpayer is required to take
34 into account separately for federal income tax purposes.]

35 (9) for taxable years beginning after December thirty-first, nineteen
36 hundred eighty-one, except with respect to property which is a qualified
37 mass commuting vehicle described in subparagraph (D) of paragraph eight
38 of subsection (f) of section one hundred sixty-eight of the internal
39 revenue code (relating to qualified mass commuting vehicles) and proper-
40 ty of a taxpayer principally engaged in the conduct of aviation (other
41 than air freight forwarders acting as principal and like indirect air
42 carriers) which is placed in service before taxable years beginning in
43 nineteen hundred eighty-nine, any amount which is included in the
44 taxpayer's federal taxable income solely as a result of an election made
45 pursuant to the provisions of such paragraph eight as it was in effect
46 for agreements entered into prior to January first, nineteen hundred
47 eighty-four;

48 (10) for taxable years beginning after December thirty-first, nineteen
49 hundred eighty-one, except with respect to property which is a qualified
50 mass commuting vehicle described in subparagraph (D) of paragraph eight
51 of subsection (f) of section one hundred sixty-eight of the internal
52 revenue code (relating to qualified mass commuting vehicles) and proper-
53 ty of a taxpayer principally engaged in the conduct of aviation (other
54 than air freight forwarders acting as principal and like indirect air
55 carriers) which is placed in service before taxable years beginning in
56 nineteen hundred eighty-nine, any amount which the taxpayer could have

1 excluded from federal taxable income had it not made the election
2 provided for in such paragraph eight as it was in effect for agreements
3 entered into prior to January first, nineteen hundred eighty-four;

4 (11) the amount deductible pursuant to paragraph (j) of this subdivi-
5 sion; and

6 (12) upon the disposition of property to which paragraph (j) of this
7 subdivision applies, the amount, if any, by which the aggregate of the
8 amounts described in subparagraph ten of paragraph (b) of this subdivi-
9 sion attributable to such property exceeds the aggregate of the amounts
10 described in paragraph (j) of this subdivision attributable to such
11 property; and

12 [(13) if the added tax provided for in either (i) former subdivision
13 two of section one hundred eighty-two of this chapter (relating to real
14 estate corporations) or (ii) former subdivision one-a of section two
15 hundred nine of this chapter (relating to real estate corporations) has
16 been imposed upon the taxpayer, any income which has been used in
17 computing such tax.]

18 (14) The amount deductible pursuant to paragraph [(1)] (I) of this
19 subsection.

20 [(15) In the case of an attorney-in-fact, with respect to which a
21 mutual insurance company, which is an interinsurer or a reciprocal
22 insurer and is subject to tax under subdivision (a) of section fifteen
23 hundred ten of this chapter, has made the election provided for under
24 section eight hundred thirty-five of the Internal Revenue Code, an
25 amount equal to the excess, if any, of the amounts paid or incurred by
26 such interinsurer or reciprocal insurer in the taxable year to the
27 attorney-in-fact over the deduction allowed to such interinsurer or
28 reciprocal insurer with respect to amounts paid or incurred in the taxa-
29 ble year to the attorney-in-fact under subsection (b) of such section
30 eight hundred thirty-five of the Internal Revenue Code.]

31 (16) In the case of a taxpayer subject to the modification provided by
32 subparagraph sixteen of paragraph (b) of this subdivision, the amount
33 required to be recaptured pursuant to subsection (d) of section 179 of
34 the internal revenue code with respect to property upon which such
35 modification was based.

36 (17) FOR TAXABLE YEARS BEGINNING AFTER DECEMBER THIRTY-FIRST, TWO
37 THOUSAND TWO, THE AMOUNT DEDUCTIBLE PURSUANT TO PARAGRAPH (N-1) OF THIS
38 SUBDIVISION.

39 (18) the amount of income or gain included in federal taxable income
40 of a taxpayer that is a partner in a qualified entity or is a qualified
41 entity that is located both within and without a New York state inno-
42 vation hot spot, to the extent that the income or gain is attributable
43 to the operations of a qualified entity at or as part of the New York
44 state innovation hot spot as provided in section thirty-eight of this
45 chapter.

46 (19) THE AMOUNT COMPUTED PURSUANT TO PARAGRAPH (R) OR (S) OF THIS
47 SUBDIVISION, BUT NOT BOTH SUCH AMOUNTS.

48 (b) Entire net income shall be determined without the exclusion,
49 deduction or credit of:

50 (1) [the amount of any specific exemption or credit allowed in any law
51 of the United States imposing any tax on or measured by the income of
52 corporations,] IN THE CASE OF A CORPORATION ORGANIZED UNDER THE LAW OF A
53 COUNTRY OTHER THAN THE UNITED STATES, EXCEPT AS TREATED AS OTHER EXEMPT
54 INCOME UNDER SUBDIVISION SIX-A OF THIS SECTION, (I) ANY PART OF ANY
55 INCOME FROM DIVIDENDS OR INTEREST ON ANY KIND OF STOCK, SECURITIES OR
56 INDEBTEDNESS, BUT ONLY IF SUCH INCOME IS TREATED AS EFFECTIVELY

1 CONNECTED WITH THE CONDUCT OF A TRADE OR BUSINESS IN THE UNITED STATES
2 PURSUANT TO SECTION 864 OF THE INTERNAL REVENUE CODE, (II) ANY INCOME
3 EXEMPT FROM FEDERAL TAXABLE INCOME UNDER ANY TREATY OBLIGATION OF THE
4 UNITED STATES, BUT ONLY IF SUCH INCOME WOULD BE TREATED AS EFFECTIVELY
5 CONNECTED IN ABSENCE OF SUCH EXEMPTION PROVIDED THAT SUCH TREATY OBLI-
6 GATION DOES NOT PRECLUDE THE TAXATION OF SUCH INCOME BY A STATE, OR
7 (III) ANY INCOME WHICH WOULD BE TREATED AS EFFECTIVELY CONNECTED IF SUCH
8 INCOME WERE NOT EXCLUDED FROM GROSS INCOME PURSUANT TO SUBSECTION (A) OF
9 SECTION 103 OF THE INTERNAL REVENUE CODE;

10 (2) any part of any income from dividends or interest on any kind of
11 stock, securities or indebtedness, [except as provided in clauses (1)
12 and (2) of paragraph (a) hereof] TREATED AS OTHER EXEMPT INCOME UNDER
13 SUBDIVISION SIX-A OF THIS SECTION,

14 (3) taxes on or measured by profits or income paid or accrued to the
15 United States, any of its possessions or to any foreign country, includ-
16 ing taxes in lieu of any of the foregoing taxes otherwise generally
17 imposed by any foreign country or by any possession of the United
18 States,

19 (3-a) taxes on or measured by profits or income, or which include
20 profits or income as a measure, paid or accrued to any other state of
21 the United States, or any political subdivision thereof, or to the
22 District of Columbia, including taxes expressly in lieu of any of the
23 foregoing taxes otherwise generally imposed by any other state of the
24 United States, or any political subdivision thereof, or the District of
25 Columbia;

26 (4) taxes imposed under this article and article thirty-two AS IN
27 EFFECT ON DECEMBER THIRTY-FIRST, TWO THOUSAND FOURTEEN and sections one
28 hundred eighty-three, one hundred eighty-three-a, one hundred eighty-
29 four and one hundred eighty-four-a of this chapter,

30 (4-a)(A) [the entire amount allowable as an exclusion or deduction for
31 stock transfer taxes imposed by article twelve of this chapter in deter-
32 mining the entire taxable income which the taxpayer is required to
33 report to the United States treasury department but only to the extent
34 that such taxes are incurred and paid in market making transactions,
35 (B)] in those instances where a credit for the special additional mort-
36 gage recording tax credit is allowed under [paragraph (a) of] subdivi-
37 sion [seventeen] NINE of section two hundred [ten] TEN-B of this arti-
38 cle, the amount allowed as an exclusion or deduction for the special
39 additional mortgage recording tax imposed by subdivision one-a of
40 section two hundred fifty-three of this chapter in determining the
41 entire taxable income which the taxpayer is required to report to the
42 United States treasury department, and [(C)] (B) unless the credit
43 allowed pursuant to subdivision [seventeen] NINE of section two hundred
44 [ten] TEN-B of this article is reflected in the computation of the gain
45 or loss so as to result in an increase in such gain or decrease of such
46 loss, for federal income tax purposes, from the sale or other disposi-
47 tion of the property with respect to which the special additional mort-
48 gage recording tax imposed pursuant to subdivision one-a of section two
49 hundred fifty-three of this chapter was paid, the amount of the special
50 additional mortgage recording tax imposed by subdivision one-a of
51 section two hundred fifty-three of this chapter which was paid and which
52 is reflected in the computation of the basis of the property so as to
53 result in a decrease in such gain or increase in such loss for federal
54 income tax purposes from the sale or other disposition of the property
55 with respect to which such tax was paid.

(6) [in the discretion of the tax commission, any amount of interest directly or indirectly and any other amount directly or indirectly attributable as a carrying charge or otherwise to subsidiary capital or to income, gains or losses from subsidiary capital] ANY AMOUNT ALLOWED AS A DEDUCTION FOR THE TAXABLE YEAR UNDER SECTION 172 OF THE INTERNAL REVENUE CODE, INCLUDING CARRYOVERS OF DEDUCTIONS FROM PRIOR TAXABLE YEARS.

[(7) in the case of a taxpayer who is separately or as a partner of a partnership doing an insurance business as a member of the New York insurance exchange described in section six thousand two hundred one of the insurance law, such taxpayer's distributive or pro rata share of the allocated entire net income of such business as determined under sections fifteen hundred three and fifteen hundred four of this chapter, provided however, in the event such allocated entire net income is a loss, such taxpayer's distributive or pro rata share of such loss shall not be subtracted from federal taxable income in computing entire net income under this subdivision.]

(8) for taxable years beginning after December thirty-first, nineteen hundred eighty-one, except with respect to property which is a qualified mass commuting vehicle described in subparagraph (D) of paragraph eight of subsection (f) of section one hundred sixty-eight of the internal revenue code (relating to qualified mass commuting vehicles) and property of a taxpayer principally engaged in the conduct of aviation (other than air freight forwarders acting as principal and like indirect air carriers) which is placed in service before taxable years beginning in nineteen hundred eighty-nine, any amount which the taxpayer claimed as a deduction in computing its federal taxable income solely as a result of an election made pursuant to the provisions of such paragraph eight as it was in effect for agreements entered into prior to January first, nineteen hundred eighty-four;

(9) for taxable years beginning after December thirty-first, nineteen hundred eighty-one, except with respect to property which is a qualified mass commuting vehicle described in subparagraph (D) of paragraph eight of subsection (f) of section one hundred sixty-eight of the internal revenue code (relating to qualified mass commuting vehicles) and property of a taxpayer principally engaged in the conduct of aviation (other than air freight forwarders acting as principal and like indirect air carriers) which is placed in service before taxable years beginning in nineteen hundred eighty-nine, any amount which the taxpayer would have been required to include in the computation of its federal taxable income had it not made the election permitted pursuant to such paragraph eight as it was in effect for agreements entered into prior to January first, nineteen hundred eighty-four;

(10) in the case of property placed in service in taxable years beginning before nineteen hundred ninety-four, for taxable years beginning after December thirty-first, nineteen hundred eighty-one, except with respect to property subject to the provisions of section two hundred eighty-F of the internal revenue code, property subject to the provisions of section one hundred sixty-eight of the internal revenue code which is placed in service in this state in taxable years beginning after December thirty-first, nineteen hundred eighty-four and property of a taxpayer principally engaged in the conduct of aviation (other than air freight forwarders acting as principal and like indirect air carriers) which is placed in service before taxable years beginning in nineteen hundred [eight-nine] EIGHTY-NINE, the amount allowable as a

deduction determined under section one hundred sixty-eight of the internal revenue code;

(11) upon the disposition of property to which paragraph (j) of this subdivision applies, the amount, if any, by which the aggregate of the amounts described in such paragraph (j) attributable to such property exceeds the aggregate of the amounts described in subparagraph ten of this paragraph attributable to such property.

(15) Real property taxes paid on qualified agricultural property and deducted in determining federal taxable income, to the extent of the amount of the agricultural property tax credit allowed under subdivision [twenty-two] ELEVEN of section two hundred [ten] TEN-B of this article.

(16) In the case of a taxpayer which is not an eligible farmer as defined in paragraph (b) of subdivision [twenty-two] ELEVEN of section two hundred [ten] TEN-B of this article, the amount of any deduction claimed pursuant to section 179 of the internal revenue code with respect to a sport utility vehicle which is not a passenger automobile as defined in paragraph 5 of subsection (d) of section 280F of the internal revenue code.

(17) for taxable years beginning after December thirty-first, two thousand two, in the case of qualified property described in paragraph two of subsection k of section 168 of the internal revenue code, other than qualified resurgence zone property described in paragraph (q) of this subdivision, and other than qualified New York Liberty Zone property described in paragraph two of subsection b of section 1400L of the internal revenue code (without regard to clause (i) of subparagraph (C) of such paragraph), which was placed in service on or after June first, two thousand three, the amount allowable as a deduction under section 167 of the internal revenue code.

(18) Premiums paid for environmental remediation insurance, as defined in section twenty-three of this chapter, and deducted in determining federal taxable income, to the extent of the amount of the environmental remediation insurance credit allowed under such section twenty-three and subdivision [thirty-five] NINETEEN of section two hundred [ten] TEN-B of this article.

(19) The amount of any deduction allowed pursuant to section one hundred ninety-nine of the internal revenue code.

(20) The amount of any federal deduction for taxes imposed under article twenty-three of this chapter.

(20-a) The amount of any federal deduction for the excise tax on telecommunication services to the extent such taxes are used as the basis of the calculation of the tax-free NY area excise tax on telecommunication services credit allowed under subdivision [forty-eight] FORTY-THREE of section two hundred [ten] TEN-B of this article.

[(c) Entire net income shall include income within and without the United States;] (21) THE AMOUNT OF ANY FEDERAL DEDUCTION FOR REAL PROPERTY TAXES TO THE EXTENT SUCH TAXES ARE USED AS THE BASIS OF THE CALCULATION OF THE REAL PROPERTY TAX CREDIT FOR MANUFACTURERS ALLOWED UNDER SUBDIVISION FORTY-FOUR OF SECTION TWO HUNDRED TEN-B OF THIS ARTICLE.

(c-1)(1) Notwithstanding any other provision of this article, in the case of a taxpayer which is a foreign air carrier holding a foreign air carrier permit issued by the United States department of transportation pursuant to section four hundred two of the federal aviation act of nineteen hundred fifty-eight, as amended, and which is qualified under subparagraph two of this paragraph, entire net income shall not include, and shall be computed without the deduction of, amounts directly or indirectly attributable to, (i) any income derived from the interna-

tional operation of aircraft as described in and subject to the provisions of section eight hundred eighty-three of the internal revenue code, (ii) income without the United States which is derived from the operation of aircraft, and (iii) income without the United States which is of a type described in subdivision (a) of section eight hundred eighty-one of the internal revenue code except that it is derived from sources without the United States. Entire net income shall include income described in clauses (i), (ii) and (iii) of this subparagraph in the case of taxpayers not described in the previous sentence.

(2) A taxpayer is qualified under this subparagraph if air carriers organized in the United States and operating in the foreign country or countries in which the taxpayer has its major base of operations and in which it is organized, resident or headquartered (if not in the same country as its major base of operations) are not subject to any income tax or other tax based on or measured by income or receipts imposed by such foreign country or countries or any political subdivision thereof, or if so subject to such tax, are provided an exemption from such tax equivalent to that provided for herein.

(c-2) Adjustments by qualified public utilities. (1) In the case of a taxpayer which is a qualified public utility, entire net income shall be computed with the adjustments set forth in this paragraph.

(2) Definitions. (A) Qualified public utility. The term "qualified public utility" means a taxpayer which: (i) on December thirty-first, nineteen hundred ninety-nine, was subject to the ratemaking supervision of the state department of public service, and (ii) for the year ending on December thirty-first, nineteen hundred ninety-nine, was subject to tax under former section one hundred eighty-six of this chapter.

(B) Transition property. The term "transition property" means property placed in service by the taxpayer before January first, two thousand, for which a depreciation deduction is allowed under section one hundred sixty-seven of the internal revenue code.

(3) Federal depreciation disallowed. With respect to transition property, the deduction for federal income tax purposes for depreciation shall not be allowed.

(4) New York depreciation. With respect to transition property, a deduction shall be allowed for the depreciation expense shown on the books and records of the taxpayer for the taxable year and determined in accordance with generally accepted accounting principles.

(5) Regulatory assets. A deduction shall be allowed for amounts recognized as expense on the books and records of the taxpayer for the taxable year, which amounts were recognized as expense for federal income tax purposes in a taxable year ending on or before December thirty-first, nineteen hundred ninety-nine, where: (A) such amounts represent expenditures which, when made, were charged to a deferred debit account or similar asset account on the books and records of the taxpayer, and where (B) the recognition of expense on the books and records of the taxpayer is matched by revenue stemming from a procedure or adjustment allowing the recovery of such expenditures, and where (C) such revenue is recognized for federal income tax purposes in the taxable year.

(6) Basis for gain or loss. (A) Recognition transactions. (i) General rule - book basis. Except as provided in subclause (ii) of this clause, where transition property is sold or otherwise disposed of in the taxable year in a transaction of the type requiring recognition of gain or loss for federal income tax purposes, the basis for determining the amount of such gain or loss under this article shall be the cost of the property less the accumulated depreciation on the property determined on

1 the books and records of the taxpayer in accordance with generally
2 accepted accounting principles.

3 (ii) Qualified gain - New York basis. Where a sale or disposition
4 described in subclause (i) of this clause results in recognition of gain
5 for federal income tax purposes, and where either (I) such recognition
6 occurs in a taxable year ending after nineteen hundred ninety-nine and
7 before two thousand ten, or (II) such recognition is with respect to a
8 nuclear electric generating facility, the basis for determining the
9 amount of such gain under this article shall be the cost of the property
10 less the aggregate of the New York depreciation deductions on the prop-
11 erty determined under subparagraph four of this paragraph.

12 (iii) No conversion of gain to loss. In the event that the basis
13 determined under subclause (ii) of this clause results in determination
14 of a loss on the sale or disposition of the property, no gain or loss
15 shall be recognized under this article with respect to such sale or
16 disposition.

17 (B) Nonrecognition transactions. (i) Carryover basis. (I) where tran-
18 sition property is disposed of ("original disposition") in a transaction
19 of a type requiring deferral of recognition of gain or loss for federal
20 income tax purposes, and where (II) there is a subsequent recognition of
21 gain or loss for federal income tax purposes ("clause B gain or loss"),
22 the amount of which is determined by reference, in whole or in part, to
23 the basis of such transition property ("underlying transition proper-
24 ty"), then (III) the amount of such clause B gain or loss under this
25 article shall be adjusted as provided in subclause (ii) or (iii) of this
26 clause.

27 (ii) General rule - book basis adjustment. Except as provided in
28 subclause (iii) of this clause, the amount of clause B gain shall be
29 reduced, or the amount of clause B loss increased, by the amount by
30 which the book basis of the underlying transition property on the date
31 of original disposition (determined using the provisions of subclause
32 (i) of clause (A) of this subparagraph) exceeds the federal income tax
33 basis of such property on such date.

34 (iii) Qualified gain - New York basis adjustment. Where clause B gain
35 either (I) occurs in a taxable year ending after nineteen hundred nine-
36 ty-nine and before two thousand ten, or (II) is with respect to a nucle-
37 ar electric generating facility, the amount of such gain under this
38 article shall be reduced, but not below zero, by the amount by which the
39 New York basis of the underlying transition property on the date of
40 original disposition (determined using the provisions of subclause (ii)
41 of clause (A) of this subparagraph) exceeds the federal income tax basis
42 of such property on such date.

43 (iv) Application to replacement property and transferee taxpayers.
44 This clause shall apply whether the clause B gain or loss: (I) is with
45 respect to either transition property or depreciable property the basis
46 of which is determined by reference to transition property, or (II) is
47 recognized by either a qualified public utility or by a taxpayer which
48 is a transferee of transition property (whether or not such transferee
49 is a qualified public utility, notwithstanding subparagraph one of this
50 paragraph).

51 (c-3) Depreciation adjustments by qualified power producers and pipe-
52 line companies. (1) In the case of a qualified taxpayer, entire net
53 income shall be computed with the depreciation adjustments set forth in
54 this paragraph.

55 (2) Definitions. (A) Qualified taxpayer. The term "qualified taxpayer"
56 means a qualified power producer or a qualified pipeline.

1 (B) Qualified power producer. The term "qualified power producer"
2 means a taxpayer which: (i) on December thirty-first, nineteen hundred
3 ninety-nine, was not subject to the ratemaking supervision of the state
4 department of public service, and (ii) for the year ending on December
5 thirty-first, nineteen hundred ninety-nine, was subject to tax under
6 former section one hundred eighty-six of this chapter on account of its
7 being principally engaged in the business of supplying electricity.

8 (C) Qualified pipeline. The term "qualified pipeline" means a taxpayer
9 which: (i) on December thirty-first, nineteen hundred ninety-nine, was
10 subject to the ratemaking supervision of either the federal energy regu-
11 latory commission or the state department of public service, and (ii)
12 for the year ending on December thirty-first, nineteen hundred ninety-
13 nine, was subject to tax under sections one hundred eighty-three and one
14 hundred eighty-four of this chapter on account of its being principally
15 engaged in the business of pipeline transmission.

16 (D) Transition property. The term "transition property" means property
17 placed in service by a qualified taxpayer before January first, two
18 thousand, for which a depreciation deduction is allowed under section
19 one hundred sixty-seven of the internal revenue code.

20 (3) Federal depreciation disallowed. With respect to transition prop-
21 erty, the deduction for federal income tax purposes for depreciation
22 shall not be allowed.

23 (4) New York depreciation. With respect to transition property, a
24 deduction shall be allowed for the depreciation expense computed as
25 provided in this subparagraph. (A) All transition property shown on the
26 books and records of the taxpayer on January first, two thousand shall
27 be treated as a single asset placed in service on such date. The New
28 York basis for purposes of computing the depreciation deduction on such
29 single asset shall be the net book value of such transition property
30 determined on the first day of the federal taxable year ending in two
31 thousand (or on the date any such property is placed in service, if
32 later) adjusted as provided in clause (B) of this subparagraph.

33 (B) If transition property is sold or otherwise disposed of, the New
34 York basis of the single asset shall be reduced on the date of such sale
35 or disposition by the amount of the adjusted federal tax basis of such
36 property on such date.

37 (C) The New York depreciation deduction allowed for any taxable year
38 with respect to such single asset shall be computed using the straight-
39 line method, a twenty-year life, and a salvage value of zero.

40 (D) For purposes of this subparagraph, the term "net book value" means
41 cost reduced by accumulated depreciation shown on the books and records
42 of the taxpayer and determined, in the case of a qualified power produc-
43 er, in accordance with generally accepted accounting principles; and in
44 the case of a qualified pipeline, in accordance with the taxpayer's
45 regulatory reports filed with the federal energy regulatory commission
46 or state department of public service.

47 (d) The [tax commission] COMMISSIONER may, whenever necessary in order
48 properly to reflect the entire net income of any taxpayer, determine the
49 year or period in which any item of income or deduction shall be
50 included, without regard to the method of accounting employed by the
51 taxpayer[;].

52 (e) The entire net income of any bridge commission created by act of
53 congress to construct a bridge across an international boundary means
54 its gross income less the expense of maintaining and operating its prop-
55 erties, the annual interest upon its bonds and other obligations, and

1 the annual charge for the retirement of such bonds or obligations at
2 maturity[;].

3 [(f) A net operating loss deduction shall be allowed which shall be
4 presumably the same as the net operating loss deduction allowed under
5 section one hundred seventy-two of the internal revenue code, or which
6 would have been allowed if the taxpayer had not made an election under
7 subchapter s of chapter one of the internal revenue code, except that in
8 every instance where such deduction is allowed under this article:

9 (1) any net operating loss included in determining such deduction
10 shall be adjusted to reflect the inclusions and exclusions from entire
11 net income required by paragraphs (a), (b) and (g) hereof,

12 (2) such deduction shall not include any net operating loss sustained
13 during any taxable year beginning prior to January first, nineteen
14 hundred sixty-one, or during any taxable year in which the taxpayer was
15 not subject to the tax imposed by this article,

16 (3) such deduction shall not exceed the deduction for the taxable year
17 allowed under section one hundred seventy-two of the internal revenue
18 code, or the deduction for the taxable year which would have been
19 allowed if the taxpayer had not made an election under subchapter s of
20 chapter one of the internal revenue code,

21 (4) in the case of a New York S corporation, such deduction shall not
22 include any net operating loss sustained during a New York C year or
23 during a New York S year beginning prior to nineteen hundred ninety, and
24 in the case of a New York C corporation, such deduction shall not
25 include any net operating loss sustained during a New York S year,
26 provided, however, a New York S year shall be treated as a taxable year
27 for purposes of determining the number of taxable years to which a net
28 operating loss may be carried back or carried forward, and

29 (5) the net operating loss deduction allowed under section one hundred
30 seventy-two of the internal revenue code shall for purposes of this
31 paragraph be determined as if the taxpayer had elected under such
32 section to relinquish the entire carryback period with respect to net
33 operating losses, except with respect to the first ten thousand dollars
34 of each of such losses, sustained during taxable years ending after June
35 thirtieth, nineteen hundred eighty-nine.

36 (g) For taxable years commencing prior to January first, nineteen
37 hundred eighty-seven, at the election of the taxpayer, a deduction shall
38 be allowed for expenditures paid or incurred during the taxable year for
39 the construction, reconstruction, erection or improvement of either
40 industrial waste treatment facilities or air pollution control facili-
41 ties, or, with respect to taxable years beginning on or after January
42 first, nineteen hundred seventy-seven and before January first, nineteen
43 hundred eighty-one, industrial waste treatment controlled process facil-
44 ities or air pollution controlled process facilities.

45 (1) (A) (1) The term "industrial waste treatment facilities" shall
46 mean facilities for the treatment, neutralization or stabilization of
47 industrial waste and other wastes (as the terms "industrial waste" and
48 "other wastes" are defined in section 17-0105 of the environmental
49 conservation law) from a point immediately preceding the point of such
50 treatment, neutralization or stabilization to the point of disposal,
51 including the necessary pumping and transmitting facilities.

52 (2) The term "industrial waste treatment controlled process facility"
53 shall mean such portion of the cost of an industrial production facility
54 designed for the purpose of obviating the need for industrial waste
55 treatment facilities as defined in item one of this clause as shall
56 exceed the cost of an industrial production facility of equal production

1 capacity which if constructed would require industrial waste treatment
2 facilities to meet emission standards in compliance with the provisions
3 of the environmental conservation law and the codes, rules, regulations,
4 permits or orders issued pursuant thereto but only to the extent of the
5 cost of such industrial waste treatment facilities.

6 (B) (1) The term "air pollution control facilities" shall mean facili-
7 ties which remove, reduce, or render less noxious air contaminants emit-
8 ted from an air contamination source (as the terms "air contaminant" and
9 "air contamination source" are defined in section 19-0107 of the envi-
10 ronmental conservation law) from a point immediately preceding the point
11 of such removal, reduction or rendering to the point of discharge of
12 air, meeting emission standards as established by the department of
13 environmental conservation, but excluding such facilities installed for
14 the primary purpose of salvaging materials which are usable in the manu-
15 facturing process or are marketable and excluding those facilities which
16 rely for their efficacy on dilution, dispersion or assimilation of air
17 contaminants in the ambient air after emission. Such term shall further
18 include flue gas desulfurization equipment and attendant sludge disposal
19 facilities, fluidized bed boilers, precombustion coal cleaning facili-
20 ties or other facilities that conform with this subdivision and which
21 comply with the provisions of the state acid deposition control act set
22 forth in title nine of article nineteen of the environmental conserva-
23 tion law.

24 (2) The term "air pollution controlled process facility" shall mean
25 such portion of the cost of an industrial production facility designed
26 for the purpose of obviating the need for air pollution control facili-
27 ties as defined in item one of this clause as shall exceed the cost of
28 an industrial production facility of equal productive capacity which if
29 constructed would require air pollution control facilities to inert
30 emission standards as established pursuant to title three of article
31 nineteen of the environmental conservation law but only to the extent of
32 the cost of such air pollution control facilities.

33 (2) However, such deduction shall be allowed only

34 (A) with respect to tangible property which is depreciable, pursuant
35 to section one hundred sixty-seven of the internal revenue code, having
36 a situs in this state and used in the taxpayer's trade or business, the
37 construction, reconstruction, erection or improvement of which, in the
38 case of industrial waste treatment facilities, is initiated on or after
39 January first, nineteen hundred sixty-five or which, in the case of air
40 pollution control facilities, is initiated on or after January first,
41 nineteen hundred sixty-six, or which in the case of industrial waste
42 treatment controlled process facilities or air pollution controlled
43 process facilities is initiated on and after January first, nineteen
44 hundred seventy-seven, and

45 (B) on condition that such facilities have been certified by the state
46 commissioner of environmental conservation or his designated represen-
47 tative, pursuant to section 19-0309 of the environmental conservation
48 law, as complying with applicable provisions of the environmental
49 conservation law, the public health law, the state sanitary code and
50 codes, rules, regulations, permits or orders issued pursuant thereto,
51 and

52 (C) on condition that entire net income for the taxable year and all
53 succeeding taxable years be computed without any deductions for such
54 expenditures or for depreciation or amortization of the same property
55 other than the deductions allowed by this paragraph (g), except to the
56 extent that the basis of the property may be attributable to factors

1 other than such expenditures, or in case a deduction is allowable pursu-
2 ant to this paragraph for only a part of such expenditures, on condition
3 that any deduction allowed for federal income tax purposes for such
4 expenditures or for depreciation or amortization of the same property be
5 proportionately reduced in computing entire net income for the taxable
6 year and all succeeding taxable years, and

7 (D) where the election provided for in paragraph (d) of subdivision
8 three of section two hundred ten of this chapter has not been exercised
9 in respect to the same property.

10 (3) (A) If expenditures in respect to an industrial waste treatment
11 facility, an air pollution control facility, an industrial waste treat-
12 ment controlled process facility or an air pollution controlled process
13 facility have been deducted as provided herein and if within ten years
14 from the end of the taxable year in which such deduction was allowed
15 such property or any part thereof is used for the primary purpose of
16 salvaging materials which are usable in the manufacturing process or are
17 marketable, the taxpayer shall report such change of use in its report
18 for the first taxable year during which it occurs, and the tax commis-
19 sion may recompute the tax for the year or years for which such
20 deduction was allowed and any carryback or carryover year, and may
21 assess any additional tax resulting from such recomputation within the
22 time fixed by paragraph nine of subsection (c) of section ten hundred
23 eighty-three of this chapter.

24 (B) If a deduction is allowed as herein provided for expenditures paid
25 or incurred during any taxable year on the basis of a temporary certif-
26 icate of compliance issued pursuant to the environmental conservation
27 law and if the taxpayer fails to obtain a permanent certificate of
28 compliance upon completion of the facilities with respect to which such
29 temporary certificate was issued, the taxpayer shall report such failure
30 in its report for the taxable year during which such facilities are
31 completed, and the tax commission may recompute the tax for the year or
32 years for which such deduction was allowed and any carryback or carry-
33 over year, and may assess any additional tax resulting from in such
34 recomputation within the time fixed by paragraph nine of subsection (c)
35 of section ten hundred eighty-three.

36 (C) If a deduction is allowed as herein provided for expenditures paid
37 or incurred during any taxable year in respect to an air pollution
38 control facility on the basis of a certificate of compliance issued
39 pursuant to the environmental conservation law and the certificate is
40 revoked pursuant to subdivision three of section 19-0309 of the environ-
41 mental conservation law, the tax commission may recompute the tax for
42 the year or years for which the facility is not or was not in compliance
43 with the applicable provisions of the environmental conservation law,
44 the state sanitary code or codes, rules, regulations, permits or orders
45 promulgated pursuant thereto, and for which a deduction was allowed, as
46 well as for any carryback or carryover year to which such deduction was
47 carried, and may assess any additional tax resulting from such recompu-
48 tation within the time fixed by paragraph nine of subsection (c) of
49 section ten hundred eighty-three.

50 (4) In any taxable year when property is sold or otherwise disposed
51 of, with respect to which a deduction has been allowed pursuant to this
52 paragraph, such deduction shall be disregarded in computing gain or
53 loss, and the gain or loss on the sale or other disposition of such
54 property shall be the gain or loss entering into the computation of
55 entire taxable income which the taxpayer is required to report to the
56 United States treasury department for such taxable year.]

1 (h) If the period covered by a report under this article is other than
2 the period covered by the report to the United States treasury depart-
3 ment,

4 (1) except as provided in subparagraph two hereof, entire net income
5 shall be determined by multiplying the taxable income reported to such
6 department (as adjusted pursuant to the provisions of this article) by
7 the number of calendar months or major parts thereof covered by the
8 report under this article and dividing by the number of calendar months
9 or major parts thereof covered by the report to such department. If it
10 shall appear that such method of determining entire net income does not
11 properly reflect the taxpayer's income during the period covered by the
12 report under this article, the [tax commission] COMMISSIONER shall be
13 authorized in its discretion to determine such entire net income solely
14 on the basis of the taxpayer's income during the period covered by its
15 report under this article[;].

16 (2) [in] IN the case of a New York S termination year, an equal
17 portion of entire net income shall be assigned to each day of such year.
18 The portion of such entire net income thereby assigned to the S short
19 year and the C short year shall be included in the respective reports
20 for the S short year and the C short year under this article. However,
21 where paragraph three of subsection (s) of section six hundred twelve of
22 this chapter applies, the portion of such entire net income assigned to
23 the S short year and the C short year shall be determined under normal
24 tax accounting rules.

25 (i) With respect to a DISC which during any taxable year or reporting
26 year (1) received more than five percent of its gross sales from the
27 sale of inventory or other property which it purchased from its stock-
28 holders, (2) received more than five percent of its gross rentals from
29 the rental of property which it purchased or rented from its stockhold-
30 ers or (3) received more than five percent of its total receipts other
31 than sales and rentals from its stockholders, the following provisions
32 shall apply.

33 (A) For any taxable year in which sub-paragraph (B) of this paragraph
34 is in effect and not rendered invalid, a DISC meeting the above test
35 shall be exempt from all taxes imposed by this article.

36 (B) Supplemental to the provisions of subdivision five of section two
37 hundred eleven of this article, any taxpayer required to compute a tax
38 under this article, which during the taxable year being reported was a
39 stockholder in any DISC meeting the test prescribed in this paragraph,
40 shall for any taxable year ending after December thirty-first, nineteen
41 hundred seventy-one adjust each item of its receipts, expenses, assets
42 and liabilities, as otherwise computed under this article, by adding
43 thereto its attributable share of each such DISC's receipts, expenses,
44 assets and liabilities as reportable by each such DISC to the United
45 States Treasury Department for its annual reporting period ending during
46 the current taxable year of such taxpayer; provided, however, (1) that
47 all transactions between the taxpayer and each such DISC shall be elimi-
48 nated from the taxpayer's adjusted receipts, expenses, assets and
49 liabilities; (2) that the taxpayer's entire net income as otherwise
50 computed under this section, shall be reduced by subtracting the amount
51 of the deemed distribution of current income, if any, from each such
52 DISC already included in the entire net income of such taxpayer by
53 virtue of having been included in its entire taxable income for that
54 taxable year as reported to the United States Treasury Department; and
55 (3) that in the event this paragraph should be rendered invalid, all

DISC's and their stockholders taxable hereunder shall be taxed instead under the remaining portions of this article.

(j) in the case of property placed in service in taxable years beginning before nineteen hundred ninety-four, for taxable years beginning after December thirty-first, nineteen hundred eighty-one, except with respect to property subject to the provisions of section two hundred eighty-F of the internal revenue code and property subject to the provisions of section one hundred sixty-eight of the internal revenue code which is placed in service in this state in taxable years beginning after December thirty-first, nineteen hundred eighty-four, and provided a deduction has not been excluded from entire net income pursuant to subparagraph eight of paragraph (b) of this subdivision, a taxpayer shall be allowed with respect to property which is subject to the provisions of section one hundred sixty-eight of the internal revenue code the depreciation deduction allowable under section one hundred sixty-seven of the internal revenue code as such section would have applied to property placed in service on December thirty-first, nineteen hundred eighty. This paragraph shall not apply to property of a taxpayer principally engaged in the conduct of aviation (other than air freight forwarders acting as principal and like indirect air carriers) which is placed in service before taxable years beginning in nineteen hundred eighty-nine.

(k) QSSS. (1) New York S corporation. In the case of a New York S corporation which is the parent of a qualified subchapter S subsidiary (QSSS) with respect to a taxable year:

(A) where the QSSS is not an excluded corporation,

(i) in determining the entire net income of such parent corporation, all assets, liabilities, income and deductions of the QSSS shall be treated as assets, liabilities, income and deductions of the parent corporation, and

(ii) the QSSS shall be exempt from all taxes imposed by this article, and

(B) where the QSSS is an excluded corporation, the entire net income of the parent corporation shall be determined as if the federal QSSS election had not been made.

(2) New York C corporation. In the case of a New York C corporation which is the parent of a QSSS with respect to a taxable year:

(A) where the QSSS is a taxpayer,

(i) in determining the entire net income of such parent corporation, all assets, liabilities, income and deductions of the QSSS shall be treated as assets, liabilities, income and deductions of the parent corporation, and

(ii) the QSSS shall be exempt from all taxes imposed by this article, and

(B) where the QSSS is not a taxpayer,

(i) if the QSSS is not an excluded corporation, the parent corporation may make a QSSS inclusion election to include all assets, liabilities, income and deductions of the QSSS as assets, liabilities, income and deductions of the parent corporation, and

(ii) in the absence of such election, or where the QSSS is an excluded corporation, the entire net income of the parent corporation shall be determined as if the federal QSSS election had not been made.

(3) Non-New York S corporation not excluded. In the case of an S corporation which is not a taxpayer and not an excluded corporation, and which is the parent of a QSSS which is a taxpayer, the shareholders of

1 the parent corporation shall be entitled to make the New York S election
2 under subsection (a) of section six hundred sixty of this chapter.

3 (A) For any taxable year for which such election is in effect, the
4 parent corporation shall be subject to tax under this article as a New
5 York S corporation, and the provisions of clause (A) of subparagraph one
6 of this paragraph shall apply.

7 (B) For any taxable year for which such election is not in effect, the
8 QSSS shall be a New York C corporation, and the entire net income of the
9 QSSS shall be determined as if the federal QSSS election had not been
10 made. For purposes of such determination, the taxable year of the parent
11 corporation shall constitute the taxable year of the QSSS, excluding,
12 however, any portion of such year during which the QSSS is not a taxpay-
13 er.

14 (4) S corporation excluded. In the case of an S corporation which is
15 an excluded corporation and which is the parent of a QSSS which is a
16 taxpayer, the QSSS shall be a New York C corporation and the provisions
17 of clause (B) of subparagraph three of this paragraph shall apply.

18 (5) Excluded corporation. The term "excluded corporation" means a
19 corporation subject to tax under sections one hundred eighty-three
20 through one hundred eighty-six, inclusive, or article [thirty-two or]
21 thirty-three of this chapter, or a foreign corporation not taxable by
22 this state which, if it were taxable, would be subject to tax under any
23 of such sections or [articles] ARTICLE.

24 (6) Taxpayer. For purposes of this paragraph, the term "taxpayer"
25 means a parent corporation or QSSS subject to tax under this article,
26 determined without regard to the provisions of this paragraph.

27 (7) QSSS inclusion election. The election under subclause (i) of
28 clause (B) of subparagraph two of this paragraph shall be effective for
29 the taxable year for which made and for all succeeding taxable years of
30 the corporation until such election is terminated. An election or termi-
31 nation shall be made on such form and in such manner as the commissioner
32 may prescribe by regulation or instruction.

33 (1) Emerging technology investment deferral. In the case of any sale
34 of a qualified emerging technologies investment held for more than thir-
35 ty-six months and with respect to which the taxpayer elects the applica-
36 tion of this paragraph, gain from such sale shall be recognized only to
37 the extent that the amount realized on such sale exceeds the cost of any
38 qualified emerging technologies investment purchased by the taxpayer
39 during the three hundred sixty-five-day period beginning on the date of
40 such sale, reduced by any portion of such cost previously taken into
41 account under this paragraph. For purposes of this paragraph the follow-
42 ing shall apply:

43 (1) A qualified investment is stock of a corporation or an interest,
44 other than as a creditor, in a partnership or limited liability company
45 that was acquired by the taxpayer as provided in Internal Revenue Code S
46 1202(c)(1)(B), except that the reference to the term "stock" in such
47 section shall be read as "investment," or by the taxpayer from a person
48 who had acquired such stock or interest in such a manner.

49 (2) A qualified emerging technology investment is a qualified invest-
50 ment, that was held by the taxpayer for at least thirty-six months, in a
51 company defined in paragraph (c) of subdivision one of section thirty-
52 one hundred two-e of the public authorities law or an investment in a
53 partnership or limited liability company that is taxed as a partnership
54 to the extent that such partnership or limited liability company invests
55 in qualified emerging technology companies.

(3) For purposes of determining whether the nonrecognition of gain under this subsection applies to a qualified emerging technologies investment that is sold, the taxpayer's holding period for such investment and the qualified emerging technologies investment that is purchased shall be determined without regard to Internal Revenue Code S 1223.

(m) Amounts deferred. The amount deferred under paragraph (1) of this subdivision shall be added to entire net income when the reinvestment in the New York qualified emerging technology company which qualified a taxpayer for such deferral is sold.

[(n) Qualified gas transportation contracts.

(1) Any tax paid under this article allocable to receipts attributable to a "qualified gas transportation contract" shall be deemed to have been paid under article nine of this chapter for all purposes of law for taxable years commencing on or after January first, two thousand, computed as hereinafter provided, if all of the following conditions are met:

(i) For periods ending prior to January first, two thousand, the taxpayer paid the franchise tax due under section one hundred eighty-four of this chapter.

(ii) For the taxable year, all of the receipts from the pipeline transportation of natural gas attributable to the taxpayer and included in the taxpayer's entire net income (without regard to this paragraph) are solely from the transportation of natural gas for wholesale customers and commercial retail customers.

(iii) The taxpayer's franchise tax liability under this article for the taxable year (computed without regard to this paragraph) is determined under paragraph (a) of subdivision one of section two hundred ten of this article, and such tax liability (without regard to this paragraph) is greater than the liability the taxpayer would have incurred under sections one hundred eighty-three and one hundred eighty-four of this chapter (as such sections existed on December thirty-first, nineteen hundred ninety-nine) based on the same taxable period.

(iv) The taxpayer is a party to a "qualified gas transportation contract," as defined herein.

(2) The provisions of this paragraph shall apply only for the taxable years during which such qualified gas transportation contract is in full force and effect, and shall apply only to the receipts of the taxpayer less any expenses of the taxpayer (but not less than zero), during the taxable year, to the extent included in entire net income, which are attributable to any such qualified gas transportation contracts. Provided, further, in any event, the characterization hereunder shall expire and be of no further force and effect for taxable years commencing on or after January first, two thousand fifteen.

(3) The term "qualified gas transportation contract" shall mean a service agreement for the transportation of natural gas for an end-user which is a qualified cogeneration facility with a rated capacity of one thousand megawatts or more, which (i) was entered into before January first, two thousand, and was in full force and effect and binding on the parties thereto as of such date, (ii) as originally executed, was for a term of at least twenty years, and (iii) the terms of which prohibit the pass-through to such customer of the franchise tax imposed under this article, while allowing the recovery of the gross earnings tax imposed under section one hundred eighty-four of this chapter. A contract shall not qualify as a qualified gas transportation contract if there is: (i) any renewal or extension of an otherwise qualified gas transportation

1 contract occurring on or after January first, two thousand, or (ii) any
2 material amendment to, or supplementation of, an otherwise qualified gas
3 transportation contract on or after such date. Such renewal, extension,
4 or material amendment or supplementation shall have the same force and
5 effect of terminating the characterization hereunder as if the qualify-
6 ing contract had expired by its own terms.

7 (o)] (N-1) For taxable years beginning after December thirty-first,
8 two thousand two, in the case of qualified property described in para-
9 graph two of subsection k of section 168 of the internal revenue code,
10 other than qualified resurgence zone property described in paragraph (q)
11 of this subdivision, and other than qualified New York Liberty Zone
12 property described in paragraph two of subsection b of section 1400L of
13 the internal revenue code (without regard to clause (i) of subparagraph
14 (C) of such paragraph), which was placed in service on or after June
15 first, two thousand three, a taxpayer shall be allowed with respect to
16 such property the depreciation deduction allowable under section 167 of
17 the internal revenue code as such section would have applied to such
18 property had it been acquired by the taxpayer on September tenth, two
19 thousand one.

20 (o) Related members expense add back. (1) Definitions. (A) Related
21 member. "Related member" means a related person as defined in subpara-
22 graph (c) of paragraph three of subsection (b) of section four hundred
23 sixty-five of the internal revenue code, except that "fifty percent"
24 shall be substituted for "ten percent".

25 (B) Effective rate of tax. "Effective rate of tax" means, as to any
26 state or U.S. possession, the maximum statutory rate of tax imposed by
27 the state or possession on or measured by a related member's net income
28 multiplied by the apportionment percentage, if any, applicable to the
29 related member under the laws of said jurisdiction. For purposes of this
30 definition, the effective rate of tax as to any state or U.S. possession
31 is zero where the related member's net income tax liability in said
32 jurisdiction is reported on a combined or consolidated return including
33 both the taxpayer and the related member where the reported transactions
34 between the taxpayer and the related member are eliminated or offset.
35 Also, for purposes of this definition, when computing the effective rate
36 of tax for a jurisdiction in which a related member's net income is
37 eliminated or offset by a credit or similar adjustment that is dependent
38 upon the related member either maintaining or managing intangible prop-
39 erty or collecting interest income in that jurisdiction, the maximum
40 statutory rate of tax imposed by said jurisdiction shall be decreased to
41 reflect the statutory rate of tax that applies to the related member as
42 effectively reduced by such credit or similar adjustment.

43 (C) Royalty payments. Royalty payments are payments directly connected
44 to the acquisition, use, maintenance or management, ownership, sale,
45 exchange, or any other disposition of licenses, trademarks, copyrights,
46 trade names, trade dress, service marks, mask works, trade secrets,
47 patents and any other similar types of intangible assets as determined
48 by the commissioner, and include amounts allowable as interest
49 deductions under section one hundred sixty-three of the internal revenue
50 code to the extent such amounts are directly or indirectly for, related
51 to or in connection with the acquisition, use, maintenance or manage-
52 ment, ownership, sale, exchange or disposition of such intangible
53 assets.

54 (D) Valid Business Purpose. A valid business purpose is one or more
55 business purposes, other than the avoidance or reduction of taxation,
56 which alone or in combination constitute the primary motivation for some

1 business activity or transaction, which activity or transaction changes
2 in a meaningful way, apart from tax effects, the economic position of
3 the taxpayer. The economic position of the taxpayer includes an increase
4 in the market share of the taxpayer, or the entry by the taxpayer into
5 new business markets.

6 (2) Royalty expense add backs. (A) Except where a taxpayer is included
7 in a combined report with a related member pursuant to [subdivision four
8 of] section two hundred [eleven] TEN-C of this article, for the purpose
9 of computing entire net income or other applicable taxable basis, a
10 taxpayer must add back royalty payments directly or indirectly paid,
11 accrued, or incurred in connection with one or more direct or indirect
12 transactions with one or more related members during the taxable year to
13 the extent deductible in calculating federal taxable income.

14 (B) Exceptions. (i) The adjustment required in this paragraph shall
15 not apply to the portion of the royalty payment that the taxpayer estab-
16 lishes, by clear and convincing evidence of the type and in the form
17 specified by the commissioner, meets all of the following requirements:

18 (I) the related member was subject to tax in this state or another state
19 or possession of the United States or a foreign nation or some combina-
20 tion thereof on a tax base that included the royalty payment paid,
21 accrued or incurred by the taxpayer; (II) the related member during the
22 same taxable year directly or indirectly paid, accrued or incurred such
23 portion to a person that is not a related member; and (III) the trans-
24 action giving rise to the royalty payment between the taxpayer and the
25 related member was undertaken for a valid business purpose.

26 (ii) The adjustment required in this paragraph shall not apply if the
27 taxpayer establishes, by clear and convincing evidence of the type and
28 in the form specified by the commissioner, that: (I) the related member
29 was subject to tax on or measured by its net income in this state or
30 another state or possession of the United States or some combination
31 thereof; (II) the tax base for said tax included the royalty payment
32 paid, accrued or incurred by the taxpayer; and (III) the aggregate
33 effective rate of tax applied to the related member in those jurisdic-
34 tions is no less than eighty percent of the statutory rate of tax that
35 applied to the taxpayer under section two hundred ten of this article
36 for the taxable year.

37 (iii) The adjustment required in this paragraph shall not apply if the
38 taxpayer establishes, by clear and convincing evidence of the type and
39 in the form specified by the commissioner, that: (I) the royalty payment
40 was paid, accrued or incurred to a related member organized under the
41 laws of a country other than the United States; (II) the related
42 member's income from the transaction was subject to a comprehensive
43 income tax treaty between such country and the United States; (III) the
44 related member was subject to tax in a foreign nation on a tax base that
45 included the royalty payment paid, accrued or incurred by the taxpayer;
46 (IV) the related member's income from the transaction was taxed in such
47 country at an effective rate of tax at least equal to that imposed by
48 this state; and (V) the royalty payment was paid, accrued or incurred
49 pursuant to a transaction that was undertaken for a valid business
50 purpose and using terms that reflect an arm's length relationship.

51 (iv) The adjustment required in this paragraph shall not apply if the
52 taxpayer and the commissioner agree in writing to the application or use
53 of alternative adjustments or computations. The commissioner may, in his
54 or her discretion, agree to the application or use of alternative
55 adjustments or computations when he or she concludes that in the absence

1 of such agreement the income of the taxpayer would not be properly
2 reflected.

3 (p) For taxable years beginning after December thirty-first, two thou-
4 sand two, upon the disposition of property to which paragraph [(o)]
5 (N-1) of this subdivision applies, the amount of any gain or loss inclu-
6 dible in entire net income shall be adjusted to reflect the inclusions
7 and exclusions from entire net income pursuant to subparagraph seventeen
8 of paragraph (a) and subparagraph seventeen of paragraph (b) of this
9 subdivision attributable to such property.

10 (q) For purposes of paragraphs [(o)] (N-1) and (p) of this subdivi-
11 sion, qualified resurgence zone property shall mean qualified property
12 described in paragraph two of subsection k of section 168 of the inter-
13 nal revenue code substantially all of the use of which is in the resur-
14 gence zone, as defined below, and is in the active conduct of a trade or
15 business by the taxpayer in such zone, and the original use of which in
16 the resurgence zone commences with the taxpayer after December thirty-
17 first, two thousand two. The resurgence zone shall mean the area of New
18 York county bounded on the south by a line running from the intersection
19 of the Hudson River with the Holland Tunnel, and running thence east to
20 Canal Street, then running along the centerline of Canal Street to the
21 intersection of the Bowery and Canal Street, running thence in a south-
22 easterly direction diagonally across Manhattan Bridge Plaza, to the
23 Manhattan Bridge and thence along the centerline of the Manhattan Bridge
24 to the point where the centerline of the Manhattan Bridge would inter-
25 sect with the easterly bank of the East River, and bounded on the north
26 by a line running from the intersection of the Hudson River with the
27 Holland Tunnel and running thence north along West Avenue to the inter-
28 section of Clarkson Street then running east along the centerline of
29 Clarkson Street to the intersection of Washington Avenue, then running
30 south along the centerline of Washington Avenue to the intersection of
31 West Houston Street, then east along the centerline of West Houston
32 Street, then at the intersection of the Avenue of the Americas continu-
33 ing east along the centerline of East Houston Street to the easterly
34 bank of the East River.

35 (R) SUBTRACTION MODIFICATION FOR QUALIFIED RESIDENTIAL LOAN PORTFO-
36 LIOS. (1)(A) A TAXPAYER THAT IS EITHER A THRIFT INSTITUTION AS DEFINED
37 IN SUBPARAGRAPH THREE OF THIS PARAGRAPH OR A QUALIFIED COMMUNITY BANK AS
38 DEFINED IN SUBPARAGRAPH TWO OF PARAGRAPH (S) OF THIS SUBDIVISION AND
39 MAINTAINS A QUALIFIED RESIDENTIAL LOAN PORTFOLIO AS DEFINED IN SUBPARA-
40 GRAPH TWO OF THIS PARAGRAPH SHALL BE ALLOWED AS A DEDUCTION IN COMPUTING
41 ENTIRE NET INCOME THE AMOUNT, IF ANY, BY WHICH (I) THIRTY-TWO PERCENT OF
42 ITS ENTIRE NET INCOME DETERMINED WITHOUT REGARD TO THIS PARAGRAPH
43 EXCEEDS (II) THE AMOUNTS DEDUCTED BY THE TAXPAYER PURSUANT TO SECTIONS
44 166 AND 585 OF THE INTERNAL REVENUE CODE LESS ANY AMOUNTS INCLUDED IN
45 FEDERAL TAXABLE INCOME AS A RESULT OF A RECOVERY OF A LOAN.

46 (B)(I) IF THE TAXPAYER IS IN A COMBINED REPORT, THIS DEDUCTION WILL BE
47 COMPUTED ON A COMBINED BASIS. IN THAT INSTANCE, THE ENTIRE NET INCOME OF
48 THE COMBINED GROUP FOR PURPOSES OF THIS PARAGRAPH SHALL BE MULTIPLIED BY
49 A FRACTION, THE NUMERATOR OF WHICH IS THE AVERAGE TOTAL ASSETS OF ALL
50 THE THRIFT INSTITUTIONS OR QUALIFIED COMMUNITY BANKS INCLUDED IN THE
51 COMBINED REPORT AND THE DENOMINATOR OF WHICH IS THE AVERAGE TOTAL ASSETS
52 OF ALL THE CORPORATIONS INCLUDED IN THE COMBINED REPORT.

53 (II) MEASUREMENT OF ASSETS FOR PURPOSES OF THIS CLAUSE. (I) TOTAL
54 ASSETS ARE THOSE ASSETS THAT ARE PROPERLY REFLECTED ON A BALANCE SHEET,
55 COMPUTED IN THE SAME MANNER AS IS REQUIRED BY THE BANKING REGULATOR OF
56 THE TAXPAYERS INCLUDED IN THE COMBINED RETURN.

(II) ASSETS WILL ONLY BE INCLUDED IF THE INCOME OR EXPENSES OF WHICH ARE PROPERLY REFLECTED (OR WOULD HAVE BEEN PROPERLY REFLECTED IF NOT FULLY DEPRECIATED OR EXPENSED, OR DEPRECIATED OR EXPENSED TO A NOMINAL AMOUNT) IN THE COMPUTATION OF THE COMBINED GROUP'S ENTIRE NET INCOME FOR THE TAXABLE YEAR. ASSETS WILL NOT INCLUDE DEFERRED TAX ASSETS AND INTANGIBLE ASSETS IDENTIFIED AS "GOODWILL".

(III) TANGIBLE REAL AND PERSONAL PROPERTY, SUCH AS BUILDINGS, LAND, MACHINERY, AND EQUIPMENT SHALL BE VALUED AT COST. LEASED ASSETS WILL BE VALUED AT THE ANNUAL LEASE PAYMENT MULTIPLIED BY EIGHT. INTANGIBLE PROPERTY, SUCH AS LOANS AND INVESTMENTS, SHALL BE VALUED AT BOOK VALUE EXCLUSIVE OF ANY RESERVES.

(IV) INTERCORPORATE STOCKHOLDINGS AND BILLS, NOTES AND ACCOUNTS RECEIVABLE, AND OTHER INTERCORPORATE INDEBTEDNESS BETWEEN THE CORPORATIONS INCLUDED IN THE COMBINED REPORT SHALL BE ELIMINATED.

(V) AVERAGE ASSETS ARE COMPUTED USING THE ASSETS MEASURED ON THE FIRST DAY OF THE TAXABLE YEAR, AND ON THE LAST DAY OF EACH SUBSEQUENT QUARTER OF THE TAXABLE YEAR.

(2) QUALIFIED RESIDENTIAL LOAN PORTFOLIO. (A) A TAXPAYER MAINTAINS A QUALIFIED RESIDENTIAL LOAN PORTFOLIO IF AT LEAST SIXTY PERCENT OF THE AMOUNT OF THE TOTAL ASSETS AT THE CLOSE OF THE TAXABLE YEAR OF THE THRIFT INSTITUTION OR QUALIFIED COMMUNITY BANK CONSISTS OF THE ASSETS DESCRIBED IN ITEMS (I) THROUGH (XII) OF THIS CLAUSE, WITH THE APPLICATION OF THE RULE IN ITEM (XIII). IF THE TAXPAYER IS A MEMBER OF A COMBINED GROUP, THE DETERMINATION OF WHETHER THERE IS A QUALIFIED RESIDENTIAL LOAN PORTFOLIO WILL BE MADE BY AGGREGATING THE ASSETS OF THE THRIFT INSTITUTIONS OR QUALIFIED COMMUNITY BANKS THAT ARE MEMBERS OF THE COMBINED GROUP.

ASSETS:

(I) CASH; WHICH INCLUDES CASH AND CASH EQUIVALENTS INCLUDING CASH ITEMS IN THE PROCESS OF COLLECTION, DEPOSIT WITH OTHER FINANCIAL INSTITUTIONS, INCLUDING CORPORATE CREDIT UNIONS, BALANCES WITH FEDERAL RESERVE BANKS AND FEDERAL HOME LOAN BANKS, FEDERAL FUNDS SOLD, AND CASH AND CASH EQUIVALENTS ON HAND. CASH SHALL NOT INCLUDE ANY BALANCES SERVING AS COLLATERAL FOR SECURITIES LENDING TRANSACTIONS;

(II) OBLIGATIONS OF THE UNITED STATES OR OF A STATE OR POLITICAL SUBDIVISION THEREOF, AND STOCK OR OBLIGATIONS OF A CORPORATION WHICH IS AN INSTRUMENTALITY OR A GOVERNMENT SPONSORED ENTERPRISE OF THE UNITED STATES OR OF A STATE OR POLITICAL SUBDIVISION THEREOF;

(III) LOANS SECURED BY A DEPOSIT OR SHARE OF A MEMBER;

(IV) LOANS SECURED BY AN INTEREST IN REAL PROPERTY WHICH IS (OR FROM THE PROCEEDS OF THE LOAN, WILL BECOME) RESIDENTIAL REAL PROPERTY OR REAL PROPERTY USED PRIMARILY FOR CHURCH PURPOSES, LOANS MADE FOR THE IMPROVEMENT OF RESIDENTIAL REAL PROPERTY OR REAL PROPERTY USED PRIMARILY FOR CHURCH PURPOSES, PROVIDED THAT FOR PURPOSES OF THIS ITEM, RESIDENTIAL REAL PROPERTY SHALL INCLUDE SINGLE OR MULTI-FAMILY DWELLINGS, FACILITIES IN RESIDENTIAL DEVELOPMENTS DEDICATED TO PUBLIC USE OR PROPERTY USED ON A NONPROFIT BASIS FOR RESIDENTS, AND MOBILE HOMES NOT USED ON A TRANSIENT BASIS;

(V) PROPERTY ACQUIRED THROUGH THE LIQUIDATION OF DEFAULTED LOANS DESCRIBED IN ITEM (IV) OF THIS CLAUSE;

(VI) ANY REGULAR OR RESIDUAL INTEREST IN A REMIC, AS SUCH TERM IS DEFINED IN SECTION 860D OF THE INTERNAL REVENUE CODE, BUT ONLY IN THE PROPORTION WHICH THE ASSETS OF SUCH REMIC CONSIST OF PROPERTY DESCRIBED IN ANY OF THE PRECEDING ITEMS OF THIS CLAUSE, EXCEPT THAT IF NINETY-FIVE PERCENT OR MORE OF THE ASSETS OF SUCH REMIC ARE ASSETS DESCRIBED IN

1 ITEMS (I) THROUGH (V) OF THIS CLAUSE, THE ENTIRE INTEREST IN THE REMIC
2 SHALL QUALIFY;

3 (VII) ANY MORTGAGE-BACKED SECURITY WHICH REPRESENTS OWNERSHIP OF A
4 FRACTIONAL UNDIVIDED INTEREST IN A TRUST, THE ASSETS OF WHICH CONSIST
5 PRIMARILY OF MORTGAGE LOANS, PROVIDED THAT THE REAL PROPERTY WHICH
6 SERVES AS SECURITY FOR THE LOANS IS (OR FROM THE PROCEEDS OF THE LOAN,
7 WILL BECOME) THE TYPE OF PROPERTY DESCRIBED IN ITEM (IV) OF THIS CLAUSE
8 AND ANY COLLATERALIZED MORTGAGE OBLIGATION, THE SECURITY FOR WHICH
9 CONSISTS PRIMARILY OF MORTGAGE LOANS THAT MAINTAIN AS SECURITY THE TYPE
10 OF PROPERTY DESCRIBED IN ITEM (IV) OF THIS CLAUSE;

11 (VIII) CERTIFICATES OF DEPOSIT IN, OR OBLIGATIONS OF, A CORPORATION
12 ORGANIZED UNDER A STATE LAW WHICH SPECIFICALLY AUTHORIZES SUCH CORPO-
13 RATION TO INSURE THE DEPOSITS OR SHARE ACCOUNTS OF MEMBER ASSOCIATIONS;

14 (IX) LOANS SECURED BY AN INTEREST IN EDUCATIONAL, HEALTH, OR WELFARE
15 INSTITUTIONS OR FACILITIES, INCLUDING STRUCTURES DESIGNED OR USED PRIMA-
16 RILY FOR RESIDENTIAL PURPOSES FOR STUDENTS, RESIDENTS, AND PERSONS UNDER
17 CARE, EMPLOYEES, OR MEMBERS OF THE STAFF OF SUCH INSTITUTIONS OR FACILI-
18 TIES;

19 (X) LOANS MADE FOR THE PAYMENT OF EXPENSES OF COLLEGE OR UNIVERSITY
20 EDUCATION OR VOCATIONAL TRAINING;

21 (XI) PROPERTY USED BY THE TAXPAYER IN SUPPORT OF BUSINESS WHICH
22 CONSISTS PRINCIPALLY OF ACQUIRING THE SAVINGS OF THE PUBLIC AND INVEST-
23 ING IN LOANS; AND

24 (XII) LOANS FOR WHICH THE TAXPAYER IS THE CREDITOR AND WHICH ARE WHOL-
25 LY SECURED BY LOANS DESCRIBED IN ITEM (IV) OF THIS CLAUSE.

26 (XIII) THE VALUE OF ACCRUED INTEREST RECEIVABLE AND ANY LOSS-SHARING
27 COMMITMENT OR OTHER LOAN GUARANTY BY A GOVERNMENTAL AGENCY WILL BE
28 CONSIDERED PART OF THE BASIS IN THE LOANS TO WHICH THE ACCRUED INTEREST
29 OR LOSS PROTECTION APPLIES.

30 (B) AT THE ELECTION OF THE TAXPAYER, THE PERCENTAGE SPECIFIED IN
31 CLAUSE (A) OF THIS SUBPARAGRAPH SHALL BE APPLIED ON THE BASIS OF THE
32 AVERAGE ASSETS OUTSTANDING DURING THE TAXABLE YEAR, IN LIEU OF THE CLOSE
33 OF THE TAXABLE YEAR. THE TAXPAYER CAN ELECT TO COMPUTE AN AVERAGE USING
34 THE ASSETS MEASURED ON THE FIRST DAY OF THE TAXABLE YEAR AND ON THE LAST
35 DAY OF EACH SUBSEQUENT QUARTER, OR MONTH OR DAY DURING THE TAXABLE YEAR.
36 THIS ELECTION MAY BE MADE ANNUALLY.

37 (C) FOR PURPOSES OF THIS COMPUTATION, THE DEFINITION OF ASSETS IN
38 CLAUSE (B) OF SUBPARAGRAPH ONE OF THIS PARAGRAPH APPLIES.

39 (D) FOR PURPOSES OF ITEM (IV) OF CLAUSE (A) OF THIS SUBPARAGRAPH, IF A
40 MULTIFAMILY STRUCTURE SECURING A LOAN IS USED IN PART FOR NONRESIDENTIAL
41 USE PURPOSES, THE ENTIRE LOAN IS DEEMED A RESIDENTIAL REAL PROPERTY LOAN
42 IF THE PLANNED RESIDENTIAL USE EXCEEDS EIGHTY PERCENT OF THE PROPERTY'S
43 PLANNED USE (MEASURED, AT THE TAXPAYER'S ELECTION, BY USING SQUARE
44 FOOTAGE OR GROSS RENTAL REVENUE, AND DETERMINED AS OF THE TIME THE LOAN
45 IS MADE).

46 (E) FOR PURPOSES OF ITEM (IV) OF CLAUSE (A) OF THIS SUBPARAGRAPH,
47 LOANS MADE TO FINANCE THE ACQUISITION OR DEVELOPMENT OF LAND SHALL BE
48 DEEMED TO BE LOANS SECURED BY AN INTEREST IN RESIDENTIAL REAL PROPERTY
49 IF THERE IS A REASONABLE ASSURANCE THAT THE PROPERTY WILL BECOME RESI-
50 DENTIAL REAL PROPERTY WITHIN A PERIOD OF THREE YEARS FROM THE DATE OF
51 ACQUISITION OF SUCH LAND; BUT THIS SENTENCE SHALL NOT APPLY FOR ANY
52 TAXABLE YEAR UNLESS, WITHIN SUCH THREE YEAR PERIOD, SUCH LAND BECOMES
53 RESIDENTIAL REAL PROPERTY. FOR PURPOSES OF DETERMINING WHETHER ANY
54 INTEREST IN A REMIC QUALIFIES UNDER ITEM (VI) OF CLAUSE (A) OF THIS
55 SUBPARAGRAPH, ANY REGULAR INTEREST IN ANOTHER REMIC HELD BY SUCH REMIC
56 SHALL BE TREATED AS A LOAN DESCRIBED IN A PRECEDING ITEM UNDER PRINCI-

PLES SIMILAR TO THE PRINCIPLE OF SUCH ITEM (VI), EXCEPT THAT IF SUCH REMICS ARE PART OF A TIERED STRUCTURE, THEY SHALL BE TREATED AS ONE REMIC FOR PURPOSES OF SUCH ITEM (VI).

(3) FOR PURPOSES OF THIS PARAGRAPH, A "THRIFT INSTITUTION" IS A SAVINGS BANK, A SAVINGS AND LOAN ASSOCIATION, OR OTHER SAVINGS INSTITUTION CHARTERED AND SUPERVISED AS SUCH UNDER FEDERAL OR STATE LAW.

(S) SUBTRACTION MODIFICATION FOR COMMUNITY BANKS AND SMALL THRIFTS.

(1) A TAXPAYER THAT IS A QUALIFIED COMMUNITY BANK AS DEFINED IN SUBPARAGRAPH TWO OF THIS PARAGRAPH OR A SMALL THRIFT INSTITUTION AS DEFINED IN SUBPARAGRAPH TWO-A OF THIS PARAGRAPH SHALL BE ALLOWED A DEDUCTION IN COMPUTING ENTIRE NET INCOME EQUAL TO THE AMOUNT COMPUTED UNDER SUBPARAGRAPH THREE OF THIS PARAGRAPH.

(2) TO BE A QUALIFIED COMMUNITY BANK, A TAXPAYER MUST SATISFY THE FOLLOWING CONDITIONS.

(A) IT IS A BANK OR TRUST COMPANY ORGANIZED UNDER OR SUBJECT TO THE PROVISIONS OF ARTICLE THREE OF THE BANKING LAW OR A COMPARABLE PROVISION OF THE LAWS OF ANOTHER STATE, OR A NATIONAL BANKING ASSOCIATION.

(B) THE AVERAGE VALUE DURING THE TAXABLE YEAR OF THE ASSETS OF THE TAXPAYER, OR THE ASSETS OF THE AFFILIATED GROUP OF THE TAXPAYER, MUST NOT EXCEED EIGHT BILLION DOLLARS. FOR PURPOSES OF THIS CLAUSE, THE AFFILIATED GROUP OF THE TAXPAYER INCLUDES ANY CORPORATION THAT MEETS THE OWNERSHIP REQUIREMENTS TO BE INCLUDED IN A COMBINED REPORT SPECIFIED IN PARAGRAPH (A) OF SUBDIVISION TWO OF SECTION TWO HUNDRED TEN-C OF THIS ARTICLE.

(2-A) TO BE A SMALL THRIFT INSTITUTION, A TAXPAYER MUST SATISFY THE FOLLOWING CONDITIONS.

(A) IT IS A SAVINGS BANK, A SAVINGS AND LOAN ASSOCIATION, OR OTHER SAVINGS INSTITUTION CHARTERED AND SUPERVISED AS SUCH UNDER FEDERAL OR STATE LAW.

(B) THE AVERAGE VALUE DURING THE TAXABLE YEAR OF THE ASSETS OF THE TAXPAYER, OR THE ASSETS OF THE AFFILIATED GROUP OF THE TAXPAYER, MUST NOT EXCEED EIGHT BILLION DOLLARS. FOR PURPOSES OF THIS CLAUSE, THE AFFILIATED GROUP OF THE TAXPAYER INCLUDES ANY CORPORATION THAT MEETS THE OWNERSHIP REQUIREMENTS TO BE INCLUDED IN A COMBINED REPORT SPECIFIED IN PARAGRAPH (A) OF SUBDIVISION TWO OF SECTION TWO HUNDRED TEN-C OF THIS ARTICLE.

(3)(A) THE SUBTRACTION MODIFICATION SHALL BE COMPUTED AS FOLLOWS:

(I) MULTIPLY THE TAXPAYER'S NET INTEREST INCOME FROM LOANS DURING THE TAXABLE YEAR BY A FRACTION, THE NUMERATOR OF WHICH IS THE GROSS INTEREST INCOME DURING THE TAXABLE YEAR FROM QUALIFYING LOANS AND THE DENOMINATOR OF WHICH IS THE GROSS INTEREST INCOME DURING THE TAXABLE YEAR FROM ALL LOANS.

(II) MULTIPLY THE AMOUNT DETERMINED IN CLAUSE (I) BY FIFTY PERCENT. THIS PRODUCT IS THE AMOUNT OF THE DEDUCTION ALLOWED UNDER THIS PARAGRAPH.

(B)(I) NET INTEREST INCOME FROM LOANS SHALL MEAN GROSS INTEREST INCOME FROM LOANS LESS GROSS INTEREST EXPENSE FROM LOANS. GROSS INTEREST EXPENSE FROM LOANS IS DETERMINED BY MULTIPLYING GROSS INTEREST EXPENSE BY A FRACTION, THE NUMERATOR OF WHICH IS THE AVERAGE TOTAL VALUE OF LOANS OWNED BY THE THRIFT INSTITUTION OR COMMUNITY BANK DURING THE TAXABLE YEAR AND THE DENOMINATOR OF WHICH IS THE AVERAGE TOTAL ASSETS OF THE THRIFT INSTITUTION OR COMMUNITY BANK DURING THE TAXABLE YEAR.

(II) MEASUREMENT OF ASSETS FOR PURPOSES OF THIS CLAUSE. (I) TOTAL ASSETS ARE THOSE ASSETS THAT ARE PROPERLY REFLECTED ON A BALANCE SHEET, COMPUTED IN THE SAME MANNER AS IS REQUIRED BY THE BANKING REGULATOR OF THE TAXPAYERS INCLUDED IN THE COMBINED RETURN.

(II) ASSETS WILL ONLY BE INCLUDED IF THE INCOME OR EXPENSES OF WHICH ARE PROPERLY REFLECTED (OR WOULD HAVE BEEN PROPERLY REFLECTED IF NOT FULLY DEPRECIATED OR EXPENSED, OR DEPRECIATED OR EXPENSED TO A NOMINAL AMOUNT) IN THE COMPUTATION OF THE TAXPAYER'S ENTIRE NET INCOME FOR THE TAXABLE YEAR. ASSETS WILL NOT INCLUDE DEFERRED TAX ASSETS AND INTANGIBLE ASSETS IDENTIFIED AS "GOODWILL".

(III) TANGIBLE REAL AND PERSONAL PROPERTY, SUCH AS BUILDINGS, LAND, MACHINERY, AND EQUIPMENT SHALL BE VALUED AT COST. LEASED ASSETS WILL BE VALUED AT THE ANNUAL LEASE PAYMENT MULTIPLIED BY EIGHT. INTANGIBLE PROPERTY, SUCH AS LOANS AND INVESTMENTS, SHALL BE VALUED AT BOOK VALUE EXCLUSIVE OF ANY RESERVES.

(IV) AVERAGE ASSETS ARE COMPUTED USING THE ASSETS MEASURED ON THE FIRST DAY OF THE TAXABLE YEAR, AND ON THE LAST DAY OF EACH SUBSEQUENT QUARTER OF THE TAXABLE YEAR OR MONTH OR DAY DURING THE TAXABLE YEAR.

(C) A QUALIFYING LOAN IS A LOAN THAT MEETS THE CONDITIONS SPECIFIED IN SUBCLAUSE (I) OF THIS CLAUSE AND SUBCLAUSE (II) OF THIS CLAUSE.

(I) THE LOAN IS ORIGINATED BY THE QUALIFIED COMMUNITY BANK OR SMALL THRIFT INSTITUTION OR PURCHASED BY THE QUALIFIED COMMUNITY BANK OR SMALL THRIFT INSTITUTION IMMEDIATELY AFTER ITS ORIGINATION IN CONNECTION WITH A COMMITMENT TO PURCHASE MADE BY THE BANK OR THRIFT INSTITUTION PRIOR TO THE LOAN'S ORIGINATION.

(II) THE LOAN IS A SMALL BUSINESS LOAN OR A RESIDENTIAL MORTGAGE LOAN, THE PRINCIPAL AMOUNT OF WHICH LOAN DOES NOT EXCEED THE MAXIMUM PRINCIPAL AMOUNT ESTABLISHED BY THE UNITED STATES SMALL BUSINESS ADMINISTRATION FOR THE 7(C) GUARANTY LOAN PROGRAM AT THE TIME THE LOAN IS ORIGINATED BUT NOT LESS THAN FIVE MILLION DOLLARS AND EITHER THE BORROWER IS LOCATED IN THIS STATE AS DETERMINED UNDER SECTION TWO HUNDRED TEN-A OF THIS ARTICLE AND THE LOAN IS NOT SECURED BY REAL PROPERTY, OR THE LOAN IS SECURED BY REAL PROPERTY LOCATED IN NEW YORK.

(III) A LOAN THAT HAS BEEN DETERMINED TO BE A QUALIFYING LOAN IN A PRIOR TAXABLE YEAR REMAINS A QUALIFYING LOAN IN TAXABLE YEARS DURING AND AFTER WHICH SUCH LOAN IS ACQUIRED BY ANOTHER CORPORATION IN THE TAXPAYER'S COMBINED GROUP.

(T) NOTWITHSTANDING ANY OTHER TREATMENT PROVIDED IN THIS ARTICLE A SMALL THRIFT INSTITUTION OR A QUALIFIED COMMUNITY BANK THAT MAINTAINS A CAPTIVE REIT ON THE EFFECTIVE DATE OF THIS PARAGRAPH MAY CHOOSE TO UTILIZE THE REIT SUBTRACTION AS DESCRIBED HEREIN OR EITHER THE SUBTRACTION FOR QUALIFIED RESIDENTIAL LOAN PORTFOLIOS OR THE SUBTRACTION FOR THE NET INTEREST INCOME FROM SMALL BUSINESS AND RESIDENTIAL MORTGAGE LOANS. THE REIT SUBTRACTION WILL BE EQUAL TO SIXTY PERCENT OF THE DIVIDENDS PAID DEDUCTION ALLOWED TO THE CAPTIVE REIT FOR THE TAX YEAR FOR FEDERAL INCOME TAX PURPOSES. NOTWITHSTANDING ANY TREATMENT TO THE CONTRARY UNDER THIS ARTICLE, THE CAPTIVE REIT WILL BE ALLOWED THE SAME DEDUCTION FOR DIVIDENDS PAID AS ALLOWED FOR FEDERAL INCOME TAX PURPOSES. THE TAX BEFORE CREDITS FOR A SMALL THRIFT INSTITUTION OR A QUALIFIED COMMUNITY BANK THAT UTILIZES THIS REIT SUBTRACTION MAY NOT BE LESS THAN THE TAX BEFORE CREDITS FOR ITS TAX YEAR BEGINNING ON OR AFTER JANUARY FIRST, TWO THOUSAND THIRTEEN.

10. The term "calendar year" means a period of twelve calendar months (or any shorter period beginning on the date the taxpayer becomes subject to the tax imposed by this article) ending on the thirty-first day of December, provided the taxpayer keeps its books on the basis of such period or on the basis of any period ending on any day other than the last day of a calendar month, or provided the taxpayer does not keep books, and includes, in case the taxpayer changes the period on the basis of which it keeps its books from a fiscal year to a calendar year,

1 the period from the close of its last old fiscal year up to and includ-
2 ing the following December thirty-first. The term "fiscal year" means a
3 period of twelve calendar months (or any shorter period beginning on the
4 date the taxpayer becomes subject to the tax imposed by this article)
5 ending on the last day of any month other than December, provided the
6 taxpayer keeps its books on the basis of such period, and includes, in
7 case the taxpayer changes the period on the basis of which it keeps it
8 books from a calendar year to a fiscal year or from one fiscal year to
9 another fiscal year, the period from the close of its last old calendar
10 or fiscal year up to the date designated as the close of its new fiscal
11 year.

12 11. The term "tangible personal property" means corporeal personal
13 property, such as machinery, tools, implements, goods, wares and
14 merchandise, and does not mean money, deposits in banks, shares of
15 stock, bonds, notes, credits or evidences of an interest in property and
16 evidences of debt.

17 12. The term elected or appointed officer shall include the chairman,
18 president, vice-president, secretary, assistant secretary, treasurer,
19 assistant treasurer, comptroller, and also any other officer, irrespec-
20 tive of his title, who is charged with and performs any of the regular
21 functions of any such officer, unless the total compensation of such
22 officer is derived exclusively from the receipt of commissions. A direc-
23 tor shall be considered an elected or appointed officer only if he
24 performs duties ordinarily performed by an officer.

25 [19. The term "fulfillment services" shall mean any of the following
26 services performed by an entity on its premises on behalf of a purchas-
27 er:

28 (a) the acceptance of orders electronically or by mail, telephone,
29 telefax or internet;

30 (b) responses to consumer correspondence or inquiries electronically
31 or by mail, telephone, telefax or internet;

32 (c) billing and collection activities; or

33 (d) the shipment of orders from an inventory of products offered for
34 sale by the purchaser.]

35 S 5. Subdivisions 1, 2, 2-a, 4, 5, 6, 7 and 8 of section 209 of the
36 tax law, subdivisions 1 and 6 as amended by chapter 817 of the laws of
37 1987, subdivision 2 as amended by chapter 75 of the laws of 1998, subdi-
38 vision 2-a as added by chapter 340 of the laws of 1998, subdivision 4 as
39 amended by section 27 of part S of this act, subdivisions 5 and 7 as
40 amended by section 2 of part FF-1 of chapter 57 of the laws of 2008, and
41 subdivision 8 as added by section 1 of part O of chapter 61 of the laws
42 of 2006, are amended to read as follows:

43 1. (A) For the privilege of exercising its corporate franchise, or of
44 doing business, or of employing capital, or of owning or leasing proper-
45 ty in this state in a corporate or organized capacity, or of maintaining
46 an office in this state, OR OF DERIVING RECEIPTS FROM ACTIVITY IN THIS
47 STATE, for all or any part of each of its fiscal or calendar years,
48 every domestic or foreign corporation, except corporations specified in
49 subdivision four of this section, shall annually pay a franchise tax,
50 upon the basis of its [entire net] BUSINESS income base, or upon such
51 other basis as may be applicable as hereinafter provided, for such
52 fiscal or calendar year or part thereof, on a report which shall be
53 filed, except as hereinafter provided, on or before the fifteenth day of
54 March next succeeding the close of each such year, or, in the case of a
55 corporation which reports on the basis of a fiscal year, within two and

one-half months after the close of such fiscal year, and shall be paid as hereinafter provided.

(B) A CORPORATION IS DERIVING RECEIPTS FROM ACTIVITY IN THIS STATE IF IT HAS RECEIPTS WITHIN THIS STATE OF ONE MILLION DOLLARS OR MORE IN THE TAXABLE YEAR. FOR PURPOSES OF THIS SECTION, THE TERM "RECEIPTS" MEANS THE RECEIPTS THAT ARE SUBJECT TO THE APPORTIONMENT RULES SET FORTH IN SECTION TWO HUNDRED TEN-A OF THIS ARTICLE, AND THE TERM "RECEIPTS WITHIN THIS STATE" MEANS THE RECEIPTS INCLUDED IN THE NUMERATOR OF THE APPORTIONMENT FACTOR DETERMINED UNDER SECTION TWO HUNDRED TEN-A OF THIS ARTICLE. FOR PURPOSES OF THIS PARAGRAPH, RECEIPTS FROM PROCESSING CREDIT CARD TRANSACTIONS FOR MERCHANTS INCLUDE MERCHANT DISCOUNT FEES RECEIVED BY THE CORPORATION.

(C) A CORPORATION IS DOING BUSINESS IN THIS STATE IF (I) IT HAS ISSUED CREDIT CARDS TO ONE THOUSAND OR MORE CUSTOMERS WHO HAVE A MAILING ADDRESS WITHIN THIS STATE AS OF THE LAST DAY OF ITS TAXABLE YEAR, (II) IT HAS MERCHANT CUSTOMER CONTRACTS WITH MERCHANTS AND THE TOTAL NUMBER OF LOCATIONS COVERED BY THOSE CONTRACTS EQUALS ONE THOUSAND OR MORE LOCATIONS IN THIS STATE TO WHOM THE CORPORATION REMITTED PAYMENTS FOR CREDIT CARD TRANSACTIONS DURING THE TAXABLE YEAR, OR (III) THE SUM OF THE NUMBER OF CUSTOMERS DESCRIBED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH PLUS THE NUMBER OF LOCATIONS COVERED BY ITS CONTRACTS DESCRIBED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH EQUALS ONE THOUSAND OR MORE. AS USED IN THIS SUBDIVISION, THE TERM "CREDIT CARD" INCLUDES BANK, CREDIT, TRAVEL AND ENTERTAINMENT CARDS.

(D)(I) A CORPORATION WITH LESS THAN ONE MILLION DOLLARS BUT AT LEAST TEN THOUSAND DOLLARS OF RECEIPTS WITHIN THIS STATE IN A TAXABLE YEAR THAT IS PART OF A COMBINED REPORTING GROUP IS DERIVING RECEIPTS FROM ACTIVITY IN THIS STATE IF THE RECEIPTS WITHIN THIS STATE OF THE MEMBERS OF THE COMBINED REPORTING GROUP THAT HAVE AT LEAST TEN THOUSAND DOLLARS OF RECEIPTS WITHIN THIS STATE IN THE AGGREGATE MEET THE THRESHOLD SET FORTH IN PARAGRAPH (B) OF THIS SUBDIVISION.

(II) A CORPORATION THAT DOES NOT MEET ANY OF THE THRESHOLDS SET FORTH IN PARAGRAPH (C) OF THIS SUBDIVISION BUT HAS AT LEAST TEN CUSTOMERS, OR LOCATIONS, OR CUSTOMERS AND LOCATIONS, AS DESCRIBED IN PARAGRAPH (C) OF THIS SUBDIVISION, AND IS PART OF A COMBINED REPORTING GROUP THAT IS DOING BUSINESS IN THIS STATE IF THE NUMBER OF CUSTOMERS, LOCATIONS, OR CUSTOMERS AND LOCATIONS, WITHIN THIS STATE OF THE MEMBERS OF THE COMBINED REPORTING GROUP THAT HAVE AT LEAST TEN CUSTOMERS, LOCATIONS, OR CUSTOMERS AND LOCATIONS, WITHIN THIS STATE IN THE AGGREGATE MEETS ANY OF THE THRESHOLDS SET FORTH IN PARAGRAPH (C) OF THIS SUBDIVISION.

(E) AT THE END OF EACH YEAR, THE COMMISSIONER SHALL REVIEW THE CUMULATIVE PERCENTAGE CHANGE IN THE CONSUMER PRICE INDEX. THE COMMISSIONER SHALL ADJUST THE RECEIPT THRESHOLDS SET FORTH IN THIS SUBDIVISION IF THE CONSUMER PRICE INDEX HAS CHANGED BY TEN PERCENT OR MORE SINCE JANUARY FIRST, TWO THOUSAND FIFTEEN, OR SINCE THE DATE THAT THE THRESHOLDS WERE LAST ADJUSTED UNDER THIS SUBDIVISION. THE THRESHOLDS SHALL BE ADJUSTED TO REFLECT THAT CUMULATIVE PERCENTAGE CHANGE IN THE CONSUMER PRICE INDEX. THE ADJUSTED THRESHOLDS SHALL BE ROUNDED TO THE NEAREST ONE THOUSAND DOLLARS. AS USED IN THIS PARAGRAPH, "CONSUMER PRICE INDEX" MEANS THE CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS (CPI-U) AVAILABLE FROM THE BUREAU OF LABOR STATISTICS OF THE UNITED STATES DEPARTMENT OF LABOR. ANY ADJUSTMENT SHALL APPLY TO TAX PERIODS THAT BEGIN AFTER THE ADJUSTMENT IS MADE.

(F) IF A PARTNERSHIP IS DOING BUSINESS, EMPLOYING CAPITAL, OWNING OR LEASING PROPERTY IN THIS STATE, MAINTAINING AN OFFICE IN THE STATE, OR DERIVING RECEIPTS FROM ACTIVITY IN THIS STATE, ANY CORPORATION THAT IS A

PARTNER IN SUCH PARTNERSHIP SHALL BE SUBJECT TO TAX UNDER THIS ARTICLE AS DESCRIBED IN THE REGULATIONS OF THE COMMISSIONER.

2. A foreign corporation shall not be deemed to be doing business, employing capital, owning or leasing property, or maintaining an office in this state, OR DERIVING RECEIPTS FROM ACTIVITY IN THIS STATE, for the purposes of this article, by reason of (a) the maintenance of cash balances with banks or trust companies in this state, or (b) the ownership of shares of stock or securities kept in this state, if kept in a safe deposit box, safe, vault or other receptacle rented for the purpose, or if pledged as collateral security, or if deposited with one or more banks or trust companies, or brokers who are members of a recognized security exchange, in safekeeping or custody accounts, or (c) the taking of any action by any such bank or trust company or broker, which is incidental to the rendering of safekeeping or custodian service to such corporation, or (d) the maintenance of an office in this state by one or more officers or directors of the corporation who are not employees of the corporation if the corporation otherwise is not doing business in this state, and does not employ capital or own or lease property in this state, or (e) the keeping of books or records of a corporation in this state if such books or records are not kept by employees of such corporation and such corporation does not otherwise do business, employ capital, own or lease property or maintain an office in this state, or (f) [the use of fulfillment services of a person other than an affiliated person and the ownership of property stored on the premises of such person in conjunction with such services, or (g)] any combination of the foregoing activities. [For purposes of this subdivision, persons are affiliated persons with respect to each other where one of such persons has an ownership interest of more than five percent, whether direct or indirect, in the other, or where an ownership interest of more than five percent, whether direct or indirect, is held in each of such persons by another person or by a group of other persons which are affiliated persons with respect to each other. The term "person" in the preceding sentence and in paragraph (f) of this subdivision shall have the meaning ascribed thereto by subdivision (a) of section eleven hundred one of this chapter.]

2-a. An alien corporation shall not be deemed to be doing business, employing capital, owning or leasing property, or maintaining an office in this state, for the purposes of this article, if its activities in this state are limited solely to (a) investing or trading in stocks and securities for its own account within the meaning of clause (ii) of subparagraph (A) of paragraph (2) of subsection (b) of section eight hundred sixty-four of the internal revenue code or (b) investing or trading in commodities for its own account within the meaning of clause (ii) of subparagraph (B) of paragraph (2) of subsection (b) of section eight hundred sixty-four of the internal revenue code or (c) any combination of activities described in paragraphs (a) and (b) of this subdivision. AN ALIEN CORPORATION THAT HAS NO EFFECTIVELY CONNECTED INCOME FOR THE TAXABLE YEAR PURSUANT TO CLAUSE (IV) OF THE OPENING PARAGRAPH OF SUBDIVISION NINE OF SECTION TWO HUNDRED EIGHT OF THIS ARTICLE SHALL NOT BE SUBJECT TO TAX UNDER THIS ARTICLE FOR THAT TAXABLE YEAR. For purposes of this subdivision, an alien corporation is a corporation organized under the laws of a country, or any political subdivision thereof, other than the United States.

4. Corporations liable to tax under sections one hundred eighty-three to one hundred eighty-four-a, inclusive, corporations taxable under [articles thirty-two and] ARTICLE thirty-three of this chapter, any

1 trust company organized under a law of this state all of the stock of
2 which is owned by not less than twenty savings banks organized under a
3 law of this state, [bank holding companies filing a combined return in
4 accordance with subsection (f) of section fourteen hundred sixty-two of
5 this chapter,] a captive REIT or a captive RIC filing a combined return
6 under [either subsection (f) of section fourteen hundred sixty-two or]
7 subdivision (f) of section fifteen hundred fifteen of this chapter, and
8 housing companies organized and operating pursuant to the provisions of
9 article two or article five of the private housing finance law and hous-
10 ing development fund companies organized pursuant to the provisions of
11 article eleven of the private housing finance law shall not be subject
12 to tax under this article.

13 5. For any taxable year of a real estate investment trust as defined
14 in section eight hundred fifty-six of the internal revenue code in which
15 such trust is subject to federal income taxation under section eight
16 hundred fifty-seven of such code, such trust shall be subject to a tax
17 computed under either paragraph (a) [, (c)] or (d) of subdivision one of
18 section two hundred ten of this chapter, whichever is [greatest]
19 GREATER, and shall not be subject to any tax under article [thirty-two
20 or article] thirty-three of this chapter except for a captive REIT
21 required to file a combined return under [subdivision (f) of section
22 fourteen hundred sixty-two or] subdivision (f) of section fifteen
23 hundred fifteen of this chapter. In the case of such a real estate
24 investment trust, including a captive REIT as defined in section two of
25 this chapter, the term "entire net income" means "real estate investment
26 trust taxable income" as defined in paragraph two of subdivision (b) of
27 section eight hundred fifty-seven (as modified by section eight hundred
28 fifty-eight) of the internal revenue code plus the amount taxable under
29 paragraph three of subdivision (b) of section eight hundred fifty-seven
30 of such code, subject to the [modification] MODIFICATIONS required by
31 subdivision nine of section two hundred eight of this article [(other
32 than the modification required by subparagraph two of paragraph (a)
33 thereof) including the modifications required by paragraphs (d) and (e)
34 of subdivision three of section two hundred ten of this article].

35 6. For any taxable year of a DISC, not exempt from tax under paragraph
36 (i) of subdivision nine of section two hundred eight of this article,
37 the taxes imposed by subdivision one of this section shall be computed
38 only under either paragraph (b) or (d) of subdivision one of section two
39 hundred ten of this chapter, whichever is greater[, and paragraph (e) of
40 such subdivision].

41 7. For any taxable year, beginning on or after January first, nineteen
42 hundred eighty of a regulated investment company, as defined in section
43 eight hundred fifty-one of the internal revenue code, in which such
44 company is subject to federal income taxation under section eight
45 hundred fifty-two of such code, such company shall be subject to a tax
46 computed under either paragraph (a)[, (c)] or (d) of subdivision one of
47 section two hundred ten of this chapter, whichever is [greatest]
48 GREATER, and shall not be subject to any tax under article [thirty-two
49 or article] thirty-three of this chapter except for a captive RIC
50 required to file a combined return under [subdivision (f) of section
51 fourteen hundred sixty-two or] subdivision (f) of section fifteen
52 hundred fifteen of this chapter. In the case of such a regulated invest-
53 ment company, including a captive RIC as defined in section two of this
54 chapter, the term "entire net income" means "investment company taxable
55 income" as defined in paragraph two of subdivision (b) of section eight
56 hundred fifty-two, as modified by section eight hundred fifty-five, of

1 the internal revenue code plus the amount taxable under paragraph three
2 of subdivision (b) of section eight hundred fifty-two of such code
3 subject to the [modification] MODIFICATIONS required by subdivision nine
4 of section two hundred eight of this chapter[, other than the modifica-
5 tion required by subparagraph two of paragraph (a) and by paragraph (f)
6 thereof, including the modification required by paragraphs (d) and (e)
7 of subdivision three of section two hundred ten of this chapter].

8 8. For any taxable year beginning on or after January first, two thou-
9 sand six, a corporation that is no longer doing business, employing
10 capital, or owning or leasing property, OR DERIVING RECEIPTS FROM ACTIV-
11 ITY in this state in a corporate or organized capacity that has filed a
12 final tax return with the department for the last tax year it was doing
13 business and has no outstanding tax liability for such final tax return
14 or any tax return for prior tax years shall be exempt from all taxes
15 imposed by paragraph (d) of subdivision one of section two hundred ten
16 of this article for tax years following the last year such corporation
17 was doing business.

18 S 6. Section 209-A of the tax law is REPEALED.

19 S 7. The section heading and subdivision 1 of section 209-B of the tax
20 law, the section heading as amended by chapter 11 of the laws of 1983
21 and subdivision 1 as amended by section 4 of part A of chapter 59 of the
22 laws of 2013, are amended to read as follows:

23 [Temporary metropolitan] METROPOLITAN transportation business tax
24 surcharge. 1. (A) For the privilege of exercising its corporate fran-
25 chise, or of doing business, or of employing capital, or of owning or
26 leasing property in a corporate or organized capacity, or of maintaining
27 an office, OR OF DERIVING RECEIPTS FROM ACTIVITY in the metropolitan
28 commuter transportation district, for all or any part of its taxable
29 year, there is hereby imposed on every corporation, other than a New
30 York S corporation, subject to tax under section two hundred nine of
31 this article, or any receiver, referee, trustee, assignee or other fidu-
32 ciary, or any officer or agent appointed by any court, who conducts the
33 business of any such corporation, [for the taxable years commencing on
34 or after January first, nineteen hundred eighty-two but ending before
35 December thirty-first, two thousand eighteen,] a tax surcharge, in addi-
36 tion to the tax imposed under section two hundred nine of this article[,
37 to be computed at the rate of eighteen]. SUCH SURCHARGE SHALL BE THE
38 PRODUCT OF SEVENTEEN percent of the tax imposed under such section two
39 hundred nine for such taxable years or any part of such taxable years
40 [ending before December thirty-first, nineteen hundred eighty-three
41 after the deduction of any credits otherwise allowable under this arti-
42 cle, and at the rate of seventeen percent of the tax imposed under such
43 section for such taxable years or any part of such taxable years ending
44 on or after December thirty-first, nineteen hundred eighty-three after]
45 BEFORE the deduction of any credits otherwise allowable under this arti-
46 cle; provided, however, that such [rates] RATE of tax surcharge shall be
47 applied only to that portion of the tax imposed under section two
48 hundred nine of this article [after] BEFORE the deduction of any credits
49 otherwise allowable under this article which is attributable to the
50 taxpayer's business activity carried on within the metropolitan commuter
51 transportation district; and provided, further, [that the tax surcharge
52 imposed by this section shall not be imposed upon any taxpayer for more
53 than four hundred thirty-two months. Provided however, that for taxable
54 years commencing on or after July first, nineteen hundred ninety-eight,
55 such surcharge shall be calculated as if the tax imposed under section
56 two hundred ten of this article were imposed under the law in effect for

1 taxable years commencing on or after July first, nineteen hundred nine-
2 ty-seven and before July first, nineteen hundred ninety-eight. Provided
3 however, that for taxable years commencing on or after January first,
4 two thousand seven, such surcharge shall be calculated using the highest
5 of the tax bases imposed pursuant to paragraphs (a), (b), (c) or (d) of
6 subdivision one of section two hundred ten of this article and the
7 amount imposed under paragraph (e) of subdivision one of such section
8 two hundred ten, for the taxable year; and, provided further that, if
9 such highest amount is the tax base imposed under paragraph (a), (b) or
10 (c) of such subdivision, then the surcharge shall be computed as if the
11 tax rates and limitations under such paragraph were the tax rates and
12 limitations under such paragraph in effect for taxable years commencing
13 on or after July first, nineteen hundred ninety-seven and before July
14 first, nineteen hundred ninety-eight] THE SURCHARGE COMPUTED ON A
15 COMBINED REPORT SHALL INCLUDE A SURCHARGE ON THE FIXED DOLLAR MINIMUM
16 TAX FOR EACH MEMBER OF THE COMBINED GROUP SUBJECT TO THE SURCHARGE UNDER
17 THIS SUBDIVISION. HOWEVER, IF THE TOTAL LIABILITY OF THE SURCHARGE
18 IMPOSED BY THIS PARAGRAPH FOR THE TAXABLE YEAR BEGINNING ON JANUARY
19 FIRST, TWO THOUSAND FIFTEEN SHOULD BE MORE THAN THREE AND SIX-TENTHS
20 PERCENT HIGHER THAN THE SUM OF THE TOTAL LIABILITY OF THE SURCHARGE
21 IMPOSED BY THIS PARAGRAPH AND THE TOTAL LIABILITY OF THE SURCHARGE
22 IMPOSED BY SECTION FOURTEEN HUNDRED FIFTY-FIVE-B OF THIS CHAPTER FOR THE
23 TAXABLE YEAR BEGINNING ON JANUARY FIRST, TWO THOUSAND FOURTEEN, THEN FOR
24 TAXABLE YEARS BEGINNING ON OR AFTER JANUARY FIRST, TWO THOUSAND SIXTEEN
25 THE SURCHARGE PERCENTAGE SHALL BE REDUCED BY A PERCENTAGE EQUAL TO THE
26 DIFFERENCE BETWEEN THE RATE OF GROWTH IN THE TOTAL LIABILITY FROM TAXA-
27 BLE YEAR TWO THOUSAND FOURTEEN TO TAXABLE YEAR TWO THOUSAND FIFTEEN AND
28 THREE AND SIX-TENTHS PERCENT.

29 (B) A CORPORATION IS DERIVING RECEIPTS FROM ACTIVITY IN THE METROPOL-
30 ITAN COMMUTER TRANSPORTATION DISTRICT IF IT HAS RECEIPTS WITHIN THE
31 METROPOLITAN COMMUTER TRANSPORTATION DISTRICT OF ONE MILLION DOLLARS OR
32 MORE IN A TAXABLE YEAR. FOR PURPOSES OF THIS SECTION, THE TERM
33 "RECEIPTS" MEANS THE RECEIPTS THAT ARE SUBJECT TO THE APPORTIONMENT
34 RULES SET FORTH IN SECTION TWO HUNDRED TEN-A OF THIS ARTICLE, AND THE
35 TERM "RECEIPTS WITHIN THE METROPOLITAN COMMUTER TRANSPORTATION DISTRICT"
36 MEANS THE RECEIPTS INCLUDED IN THE NUMERATOR OF THE APPORTIONMENT FACTOR
37 DETERMINED UNDER SUBDIVISION TWO OF THIS SECTION. FOR PURPOSES OF THIS
38 PARAGRAPH, RECEIPTS FROM PROCESSING CREDIT CARD TRANSACTIONS FOR
39 MERCHANTS INCLUDE MERCHANT DISCOUNT FEES RECEIVED BY THE CORPORATION.

40 (C) A CORPORATION IS DOING BUSINESS IN THE METROPOLITAN COMMUTER
41 TRANSPORTATION DISTRICT IF (I) IT HAS ISSUED CREDIT CARDS TO ONE THOU-
42 SAND OR MORE CUSTOMERS WHO HAVE A MAILING ADDRESS WITHIN THE METROPOL-
43 ITAN COMMUTER TRANSPORTATION DISTRICT AS OF THE LAST DAY OF ITS TAXABLE
44 YEAR, (II) IT HAS MERCHANT CUSTOMER CONTRACTS WITH MERCHANTS AND THE
45 TOTAL NUMBER OF LOCATIONS COVERED BY THOSE CONTRACTS EQUALS ONE THOUSAND
46 OR MORE LOCATIONS IN THE METROPOLITAN COMMUTER TRANSPORTATION DISTRICT
47 TO WHOM THE CORPORATION REMITTED PAYMENTS FOR CREDIT CARD TRANSACTIONS
48 DURING THE TAXABLE YEAR, OR (III) THE SUM OF THE NUMBER OF CUSTOMERS
49 DESCRIBED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH PLUS THE NUMBER OF
50 LOCATIONS COVERED BY ITS CONTRACTS DESCRIBED IN SUBPARAGRAPH (II) OF
51 THIS PARAGRAPH EQUALS ONE THOUSAND OR MORE. AS USED IN THIS PARAGRAPH,
52 THE TERM "CREDIT CARD" INCLUDES BANK, CREDIT, TRAVEL AND ENTERTAINMENT
53 CARDS.

54 (D)(I) A CORPORATION WITH LESS THAN ONE MILLION DOLLARS BUT AT LEAST
55 TEN THOUSAND DOLLARS OF RECEIPTS WITHIN THE METROPOLITAN COMMUTER TRANS-
56 PORTATION DISTRICT IN A TAXABLE YEAR THAT IS PART OF A COMBINED REPORT-

1 ING GROUP IS DERIVING RECEIPTS FROM ACTIVITY IN THE METROPOLITAN COMMU-
2 TER TRANSPORTATION DISTRICT IF THE RECEIPTS WITHIN THE METROPOLITAN
3 COMMUTER TRANSPORTATION DISTRICT OF THE MEMBERS OF THE UNITARY BUSINESS
4 GROUP THAT HAVE AT LEAST TEN THOUSAND DOLLARS OF RECEIPTS WITHIN THE
5 METROPOLITAN COMMUTER TRANSPORTATION DISTRICT IN THE AGGREGATE MEET THE
6 THRESHOLD SET FORTH IN PARAGRAPH (B) OF THIS SUBDIVISION.

7 (II) A CORPORATION THAT DOES NOT MEET ANY OF THE THRESHOLDS SET FORTH
8 IN PARAGRAPH (C) OF THIS SUBDIVISION BUT HAS AT LEAST TEN CUSTOMERS, OR
9 LOCATIONS, OR CUSTOMERS AND LOCATIONS, AS DESCRIBED IN PARAGRAPH (C),
10 AND IS PART OF A COMBINED REPORTING GROUP THAT IS DOING BUSINESS IN THE
11 METROPOLITAN COMMUTER TRANSPORTATION DISTRICT IF THE NUMBER OF CUSTOM-
12 ERS, LOCATIONS, OR CUSTOMERS AND LOCATIONS, WITHIN THE METROPOLITAN
13 COMMUTER TRANSPORTATION DISTRICT OF THE MEMBERS OF THE UNITARY BUSINESS
14 GROUP THAT HAVE AT LEAST TEN CUSTOMERS, LOCATIONS, OR CUSTOMERS AND
15 LOCATIONS, WITHIN THE METROPOLITAN COMMUTER TRANSPORTATION DISTRICT IN
16 THE AGGREGATE MEETS ANY OF THE THRESHOLDS SET FORTH IN PARAGRAPH (C) OF
17 THIS SUBDIVISION.

18 (E) AT THE END OF EACH YEAR, THE COMMISSIONER SHALL REVIEW THE CUMULA-
19 TIVE PERCENTAGE CHANGE IN THE CONSUMER PRICE INDEX. THE COMMISSIONER
20 SHALL ADJUST THE RECEIPT THRESHOLDS SET FORTH IN THIS SUBDIVISION IF THE
21 CONSUMER PRICE INDEX HAS CHANGED BY TEN PERCENT OR MORE SINCE JANUARY
22 FIRST, TWO THOUSAND FIFTEEN, OR SINCE THE DATE THAT THE THRESHOLDS WERE
23 LAST ADJUSTED UNDER THIS SUBDIVISION. THE THRESHOLDS SHALL BE ADJUSTED
24 TO REFLECT THAT CUMULATIVE PERCENTAGE CHANGE IN THE CONSUMER PRICE
25 INDEX. THE ADJUSTED THRESHOLDS SHALL BE ROUNDED TO THE NEAREST ONE THOU-
26 SAND DOLLARS. AS USED IN THIS PARAGRAPH, "CONSUMER PRICE INDEX" MEANS
27 THE CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS (CPI-U) AVAILABLE FROM
28 THE BUREAU OF LABOR STATISTICS OF THE UNITED STATES DEPARTMENT OF LABOR.
29 ANY ADJUSTMENT SHALL APPLY TO TAX PERIODS THAT BEGIN AFTER THE ADJUST-
30 MENT IS MADE.

31 S 8. Paragraph (a) and the opening paragraph of paragraph (b) of
32 subdivision 2 of section 209-B of the tax law, paragraph (a) as amended
33 by chapter 760 of the laws of 1992, and the opening paragraph of para-
34 graph (b) as amended by chapter 11 of the laws of 1983, are amended to
35 read as follows:

36 (a) ascertaining the percentage which the average value of the taxpay-
37 er's real and tangible personal property, whether owned or rented to it,
38 within the metropolitan commuter transportation district during the
39 period covered by its report bears to the average value of all the
40 taxpayer's real and tangible personal property, whether owned or rented
41 to it, within the state during such period; provided that the term
42 "value of the taxpayer's real and tangible personal property" shall
43 [have the same meaning as is ascribed to that term by subparagraph one
44 of paragraph (a) of subdivision three of section two hundred ten] MEAN
45 THE FAIR MARKET VALUE OF SUCH PROPERTIES FOR FEDERAL INCOME TAX PURPOSES
46 (EXCEPT THAT IN THE CASE OF RENTED PROPERTY SUCH VALUE SHALL MEAN THE
47 PRODUCT OF (I) EIGHT AND (II) THE GROSS RENTS PAYABLE FOR THE RENTAL OF
48 SUCH PROPERTY DURING THE TAXABLE YEAR);

49 ascertaining the percentage which the receipts of the taxpayer, AS
50 DETERMINED IN SECTION 210-A OF THIS ARTICLE computed on the cash or
51 accrual basis according to the method of accounting used in the computa-
52 tion of its entire net income, arising during such period from:

53 S 9. Intentionally omitted.

54 S 10. Subdivisions 2-a and 2-b of section 209-B of the tax law are
55 REPEALED.

1 S 11. Subdivisions 3 and 5 of section 209-B of the tax law, subdivi-
2 sion 3 as amended by chapter 11 of the laws of 1983 and subdivision 5 as
3 amended by chapter 166 of the laws of 1991, are amended to read as
4 follows:

5 3. A corporation shall not be deemed to be doing business, employing
6 capital, owning or leasing property, or maintaining an office, OR DERIV-
7 ING RECEIPTS FROM ACTIVITY in the metropolitan commuter transportation
8 district, for the purposes of this section, by reason of (a) the mainte-
9 nance of cash balances with banks or trust companies in the metropolitan
10 commuter transportation district, or (b) the ownership of shares of
11 stock or securities kept in the metropolitan commuter transportation
12 district, if kept in a safe deposit box, safe, vault or other receptacle
13 rented for the purpose, or if pledged as collateral security, or if
14 deposited with one or more banks or trust companies, or brokers who are
15 members of a recognized security exchange, in safekeeping or custody
16 accounts, or (c) the taking of any action by any such bank or trust
17 company or broker, which is incidental to the rendering of safekeeping
18 or custodian service to such corporation, or (d) the maintenance of an
19 office in the metropolitan commuter transportation district by one or
20 more officers or directors of the corporation who are not employees of
21 the corporation if the corporation otherwise is not doing business in
22 the metropolitan commuter transportation district, and does not employ
23 capital or own or lease property in the metropolitan commuter transpor-
24 tation district, or (e) the keeping of books or records of a corporation
25 in the metropolitan commuter transportation district if such books or
26 records are not kept by employees of such corporation and such corpo-
27 ration does not otherwise do business, employ capital, own or lease
28 property or maintain an office in the metropolitan commuter transporta-
29 tion district, or (f) any combination of the foregoing activities.

30 5. The provisions concerning reports under [section] SECTIONS TWO
31 HUNDRED TEN-C AND two hundred eleven shall be applicable to this
32 section, except that for purposes of an automatic extension for six
33 months for filing a report covering the tax surcharge imposed by this
34 section, such automatic extension shall be allowed only if a taxpayer
35 files with the commissioner an application for extension in such form as
36 said commissioner may prescribe by regulation and pays on or before the
37 date of such filing in addition to any other amounts required under this
38 article, either ninety percent of the entire tax surcharge required to
39 be paid under this section for the applicable period, or not less than
40 the tax surcharge shown on the taxpayer's return for the preceding taxa-
41 ble year, if such preceding taxable year was a taxable year of twelve
42 months; provided, however, that in no event shall such amount be less
43 than the product of the following three amounts: (1) the tax surcharge
44 rate in effect for the taxable year pursuant to subdivision one of this
45 section, (2) the fixed dollar minimum applicable to such taxpayer as
46 determined under paragraph (d) of subdivision one of section two hundred
47 ten of this chapter for the taxable year, and (3) the percentage deter-
48 mined under subdivision two of this section for the preceding taxable
49 year, unless the taxpayer was not subject to the tax surcharge imposed
50 pursuant to this section with respect to such year, in which case such
51 percentage shall be deemed to be one hundred percent. The tax surcharge
52 imposed by this section shall be payable to the commissioner in full at
53 the time the report is required to be filed, and such tax surcharge or
54 the balance thereof, imposed on any taxpayer which ceases to exercise
55 its franchise or be subject to the tax surcharge imposed by this section
56 shall be payable to the commissioner at the time the report is required

1 to be filed, provided such tax surcharge of a domestic corporation which
2 continues to possess its franchise shall be subject to adjustment as the
3 circumstances may require; all other tax surcharges of any such taxpay-
4 er, which pursuant to the foregoing provisions of this section would
5 otherwise be payable subsequent to the time such report is required to
6 be filed, shall nevertheless be payable at such time. All of the
7 provisions of this article presently applicable are applicable to the
8 tax surcharge imposed by this section.

9 S 12. Subdivision 1 of section 210 of the tax law, as added by chapter
10 817 of the laws of 1987, the opening paragraph as amended by section 1
11 of part D and paragraph (g) as amended by section 2 of part A of chapter
12 63 of the laws of 2000, paragraph (a) as amended by section 2 of part N
13 of chapter 60 of the laws of 2007, subparagraph 2 of paragraph (b) as
14 amended by section 1 of part GG-1 of chapter 57 of the laws of 2008,
15 subparagraph 3 of paragraph (b) as added by section 2 of part Z of chap-
16 ter 59 of the laws of 2013, subparagraph (ii) of paragraph (c) as
17 amended by section 2 of part C and subparagraph 5 of paragraph (d) as
18 added by section 3 of part C of chapter 56 of the laws of 2011, subpara-
19 graph (vi) of paragraph (a) as amended by section 1 of part C of chapter
20 56 of the laws of 2011, subparagraph (vii) of paragraph (a) as added by
21 section 1 of part Z of chapter 59 of the laws of 2013, subparagraph
22 (iii) of paragraph (c) as added by section 3 of part Z of chapter 59 of
23 the laws of 2013, and subparagraph 6 of paragraph (d) as added by
24 section 4 of part Z of chapter 59 of the laws of 2013, paragraph (b) as
25 amended by section 1 of part GG1, subparagraph 3 of paragraph (d) as
26 amended by section 3 of part AA1, subparagraph 4 of paragraph (d) as
27 added by section 2 of part AA1 and subparagraph 1 of paragraph (g) as
28 amended by section 4 of part AA1 of chapter 57 of the laws of 2008,
29 paragraph (c) as amended by section 10 of part A and subparagraph 1 of
30 paragraph (d) as amended by section 12 of part A of chapter 56 of the
31 laws of 1998, paragraph (d) as amended by chapter 760 of the laws of
32 1992, paragraph (e) as amended by section 1 of part P of chapter 407 of
33 the laws of 1999, and paragraph (f) as amended by section 2 of part E of
34 chapter 61 of the laws of 2005, is amended to read as follows:

35 1. The tax imposed by subdivision one of section two hundred nine of
36 this chapter shall be: (A) in the case of each taxpayer other than a New
37 York S corporation or a qualified homeowners association, the [sum of
38 (1) the] highest of the amounts prescribed in paragraphs (a), (b), [(c)]
39 and (d) of this subdivision [and (2) the amount prescribed in paragraph
40 (e) of this subdivision], (B) in the case of each New York S corpo-
41 ration, the amount prescribed in paragraph [(g)] (D) of this subdivi-
42 sion, and (C) in the case of a qualified homeowners association, the
43 [sum of (1) the] highest of the amounts prescribed in paragraphs (a)[,]
44 AND (b) [and (c)] of this subdivision [and (2) the amount prescribed in
45 paragraph (e) of this subdivision]. For purposes of this paragraph, the
46 term "qualified homeowners association" means a homeowners association,
47 as such term is defined in subsection (c) of section five hundred twen-
48 ty-eight of the internal revenue code without regard to subparagraph (E)
49 of paragraph one of such subsection (relating to elections to be taxed
50 pursuant to such section), which has no homeowners association taxable
51 income, as such term is defined in subsection (d) of such section.
52 Provided, however, that in the case of a small business taxpayer (other
53 than a New York S corporation) as defined in paragraph (f) of this
54 subdivision, FOR TAXABLE YEARS BEGINNING BEFORE JANUARY FIRST, TWO THOU-
55 SAND SIXTEEN, if the amount prescribed in such paragraph (b) is higher
56 than the amount prescribed in such paragraph (a) solely by reason of the

1 application of the rate applicable to small business taxpayers, then
2 with respect to such taxpayer the tax referred to in the previous
3 sentence shall be [the sum of (1) the highest] HIGHER of the amounts
4 prescribed in paragraphs (a)[, (c)] and (d) of this subdivision [and (2)
5 the amount prescribed in paragraph (e) of this subdivision].

6 (a) [Entire net] BUSINESS income base. [For taxable years beginning
7 before July first, nineteen hundred ninety-nine, the amount prescribed
8 by this paragraph shall be computed at the rate of nine percent of the
9 taxpayer's entire net income base. For taxable years beginning after
10 June thirtieth, nineteen hundred ninety-nine and before July first, two
11 thousand, the amount prescribed by this paragraph shall be computed at
12 the rate of eight and one-half percent of the taxpayer's entire net
13 income base. For taxable years beginning after June thirtieth, two thou-
14 sand and before July first, two thousand one, the amount prescribed by
15 this paragraph shall be computed at the rate of eight percent of the
16 taxpayer's entire net income base. For taxable years beginning after
17 June thirtieth, two thousand one and before January first, two thousand
18 seven, the amount prescribed by this paragraph shall be computed at the
19 rate of seven and one-half percent of the taxpayer's entire net income
20 base.] For taxable years beginning [on or after] BEFORE January first,
21 two thousand [seven] SIXTEEN, the amount prescribed by this paragraph
22 shall be computed at the rate of seven and one-tenth percent of the
23 taxpayer's [entire net] BUSINESS income base. FOR TAXABLE YEARS BEGIN-
24 NING ON OR AFTER JANUARY FIRST, TWO THOUSAND SIXTEEN, THE AMOUNT
25 PRESCRIBED BY THIS PARAGRAPH SHALL BE SIX AND ONE-HALF PERCENT OF THE
26 TAXPAYER'S BUSINESS INCOME BASE. The taxpayer's [entire net] BUSINESS
27 income base shall mean the portion of the taxpayer's [entire net] BUSI-
28 NESS income allocated within the state as hereinafter provided[, subject
29 to any modification required by paragraphs (d) and (e) of subdivision
30 three of this section]. However, in the case of a small business taxpay-
31 er, as defined in paragraph (f) of this subdivision, the amount
32 prescribed by this paragraph shall be computed pursuant to subparagraph
33 (iv) of this paragraph and in the case of a manufacturer, as defined in
34 subparagraph (vi) of this paragraph, the amount prescribed by this para-
35 graph shall be computed pursuant to subparagraph (vi) of this paragraph.

36 [(i) if the entire net income base is not more than two hundred thou-
37 sand dollars, (1) for taxable years beginning before July first, nine-
38 teen hundred ninety-nine, the amount shall be eight percent of the
39 entire net income base; (2) for taxable years beginning after June thir-
40 tieth, nineteen hundred ninety-nine and before July first, two thousand
41 three, the amount shall be seven and one-half percent of the entire net
42 income base; and (3) for taxable years beginning after June thirtieth,
43 two thousand three and before January first, two thousand five, the
44 amount shall be 6.85 percent of the entire net income base;

45 (ii) if the entire net income base is more than two hundred thousand
46 dollars but not over two hundred ninety thousand dollars, (1) for taxa-
47 ble years beginning before July first, nineteen hundred ninety-nine, the
48 amount shall be the sum of (a) sixteen thousand dollars, (b) nine
49 percent of the excess of the entire net income base over two hundred
50 thousand dollars and (c) five percent of the excess of the entire net
51 income base over two hundred fifty thousand dollars; (2) for taxable
52 years beginning after June thirtieth, nineteen hundred ninety-nine and
53 before July first, two thousand, the amount shall be the sum of (a)
54 fifteen thousand dollars, (b) eight and one-half percent of the excess
55 of the entire net income base over two hundred thousand dollars and (c)
56 five percent of the excess of the entire net income base over two

1 hundred fifty thousand dollars; (3) for taxable years beginning after
2 June thirtieth, two thousand and before July first, two thousand one,
3 the amount shall be the sum of (a) fifteen thousand dollars, (b) eight
4 percent of the excess of the entire net income base over two hundred
5 thousand dollars and (c) two and one-half percent of the excess of the
6 entire net income base over two hundred fifty thousand dollars; (4) for
7 taxable years beginning after June thirtieth, two thousand one and
8 before July first, two thousand three, the amount shall be seven and
9 one-half percent of the entire net income base; and (5) for taxable
10 years beginning after June thirtieth, two thousand three and before
11 January first, two thousand five, the amount shall be the sum of (a)
12 thirteen thousand seven hundred dollars, (b) 7.5 percent of the excess
13 of the entire net income base over two hundred thousand dollars and (c)
14 3.25 percent of the excess of the entire net income base over two
15 hundred fifty thousand dollars;

16 (iii) for taxable years beginning on or after January first, two thou-
17 sand five and ending before January first, two thousand seven, if the
18 entire net income base is not more than two hundred ninety thousand
19 dollars the amount shall be six and one-half percent of the entire net
20 income base; if the entire net income base is more than two hundred
21 ninety thousand dollars but not over three hundred ninety thousand
22 dollars the amount shall be the sum of (1) eighteen thousand eight
23 hundred fifty dollars, (2) seven and one-half percent of the excess of
24 the entire net income base over two hundred ninety thousand dollars but
25 not over three hundred ninety thousand dollars and (3) seven and one-
26 quarter percent of the excess of the entire net income base over three
27 hundred fifty thousand dollars but not over three hundred ninety thou-
28 sand dollars;]

29 (iv) for taxable years beginning [on or after] BEFORE January first,
30 two thousand [seven] SIXTEEN, if the [entire net] BUSINESS income base
31 is not more than two hundred ninety thousand dollars the amount shall be
32 six and one-half percent of the [entire net] BUSINESS income base; if
33 the [entire net] BUSINESS income base is more than two hundred ninety
34 thousand dollars but not over three hundred ninety thousand dollars the
35 amount shall be the sum of (1) eighteen thousand eight hundred fifty
36 dollars, (2) seven and one-tenth percent of the excess of the [entire
37 net] BUSINESS income base over two hundred ninety thousand dollars but
38 not over three hundred ninety thousand dollars and (3) four and thirty-
39 five hundredths percent of the excess of the [entire net] BUSINESS
40 income base over three hundred fifty thousand dollars but not over three
41 hundred ninety thousand dollars;

42 (v) if the taxable period to which [subparagraphs (i), (ii), (iii),
43 and] SUBPARAGRAPH (iv) of this paragraph [apply] APPLIES is less than
44 twelve months, the amount prescribed by this paragraph shall be computed
45 as follows:

46 (A) Multiply the [entire net] BUSINESS income base for such taxpayer
47 by twelve;

48 (B) Divide the result obtained in (A) by the number of months in the
49 taxable year;

50 (C) Compute an amount pursuant to [subparagraphs (i) and (ii)] SUBPAR-
51 AGRAPH (IV) as if the result obtained in (B) were the taxpayer's [entire
52 net] BUSINESS income base;

53 (D) Multiply the result obtained in (C) by the number of months in the
54 taxpayer's taxable year;

55 (E) Divide the result obtained in (D) by twelve.

(vi) for taxable years beginning on or after January thirty-first, two thousand seven, the amount prescribed by this paragraph for a taxpayer which is a qualified New York manufacturer, shall be computed at the rate of six and one-half (6.5) percent of the taxpayer's [entire net] BUSINESS income base. [For taxable years beginning on or after January first, two thousand twelve and before January first, two thousand fifteen, the amount prescribed by this paragraph for a taxpayer which is an eligible qualified New York manufacturer shall be computed at the rate of three and one-quarter (3.25) percent of the taxpayer's entire net income base.] The term "manufacturer" shall mean a taxpayer which during the taxable year is principally engaged in the production of goods by manufacturing, processing, assembling, refining, mining, extracting, farming, agriculture, horticulture, floriculture, viticulture or commercial fishing. However, the generation and distribution of electricity, the distribution of natural gas, and the production of steam associated with the generation of electricity shall not be qualifying activities for a manufacturer under this subparagraph. Moreover, the combined group shall be considered a "manufacturer" for purposes of this subparagraph only if the combined group during the taxable year is principally engaged in the activities set forth in this paragraph, or any combination thereof. A taxpayer or a combined group shall be "principally engaged" in activities described above if, during the taxable year, more than fifty percent of the gross receipts of the taxpayer or combined group, respectively, are derived from receipts from the sale of goods produced by such activities. In computing a combined group's gross receipts, intercorporate receipts shall be eliminated. A "qualified New York manufacturer" is a manufacturer which has property in New York which is described in [clause (A) of subparagraph (i) of paragraph (b) of] subdivision [twelve of this section] ONE OF SECTION TWO HUNDRED TEN-B OF THIS ARTICLE and either (I) the adjusted basis of such property for federal income tax purposes at the close of the taxable year is at least one million dollars or (II) all of its real and personal property is located in New York. In addition, a "qualified New York manufacturer" means a taxpayer which is defined as a qualified emerging technology company under paragraph (c) of subdivision one of section thirty-one hundred two-e of the public authorities law regardless of the ten million dollar limitation expressed in subparagraph one of such paragraph (c). [The commissioner shall establish guidelines and criteria that specify requirements by which a manufacturer may be classified as an eligible qualified New York manufacturer. Criteria may include but not be limited to factors such as regional unemployment, the economic impact that manufacturing has on the surrounding community, population decline within the region and median income within the region in which the manufacturer is located. In establishing these guidelines and criteria, the commissioner shall endeavor that the total annual cost of the lower rates shall not exceed twenty-five million dollars.] A TAXPAYER OR, IN THE CASE OF A COMBINED REPORT, A COMBINED GROUP, THAT DOES NOT SATISFY THE CRITERIA IN SUBDIVISION THIRTEEN OF THIS SECTION MAY BE A QUALIFIED NEW YORK MANUFACTURER IF THE TAXPAYER OR THE COMBINED GROUP EMPLOYS DURING THE TAXABLE YEAR AT LEAST TWO THOUSAND FIVE HUNDRED EMPLOYEES IN MANUFACTURING IN NEW YORK AND THE TAXPAYER OR THE COMBINED GROUP HAS PROPERTY IN THE STATE USED IN MANUFACTURING, THE ADJUSTED BASIS OF WHICH FOR FEDERAL INCOME TAX PURPOSES AT THE CLOSE OF THE TAXABLE YEAR IS AT LEAST ONE HUNDRED MILLION DOLLARS.

(vii) For a qualified New York manufacturer, as defined in subparagraph (vi) of this paragraph, the rate at which the tax is computed [in

1 effect for taxable years beginning on or after January first, two thou-
2 sand thirteen and before January first, two thousand fourteen for quali-
3 fied New York manufacturers shall be reduced by nine and two-tenths
4 percent for taxable years commencing on or after January first, two
5 thousand fourteen and before January first, two thousand fifteen, twelve
6 and three-tenths percent for taxable years commencing on or after Janu-
7 ary first, two thousand fifteen and before January first, two thousand
8 sixteen, fifteen and four-tenths percent for taxable years commencing on
9 or after January first, two thousand sixteen and before January first,
10 two thousand eighteen, and twenty-five percent for taxable years begin-
11 ning on or after January first, two thousand eighteen] SHALL BE ZERO
12 PERCENT OF THE TAXPAYER'S BUSINESS INCOME BASE.

13 (VIII) (A) IN COMPUTING THE BUSINESS INCOME BASE, TAXPAYERS SHALL BE
14 ALLOWED BOTH A PRIOR NET OPERATING LOSS CONVERSION SUBTRACTION UNDER
15 THIS SUBPARAGRAPH AND A NET OPERATING LOSS DEDUCTION UNDER SUBPARAGRAPH
16 (IX) OF THIS PARAGRAPH. THE PRIOR NET OPERATING LOSS CONVERSION
17 SUBTRACTION COMPUTED UNDER THIS SUBPARAGRAPH SHALL BE APPLIED AGAINST
18 THE BUSINESS INCOME BASE BEFORE THE NET OPERATING LOSS DEDUCTION
19 COMPUTED UNDER SUBPARAGRAPH (IX) OF THIS PARAGRAPH.

20 (B) PRIOR NET OPERATING LOSS CONVERSION SUBTRACTION.

21 (1) DEFINITIONS.

22 (I) "BASE YEAR" MEANS THE LAST TAXABLE YEAR BEGINNING ON OR AFTER
23 JANUARY FIRST, TWO THOUSAND FOURTEEN AND BEFORE JANUARY FIRST, TWO THOU-
24 SAND FIFTEEN.

25 (II) "UNABSORBED NET OPERATING LOSS" MEANS THE UNABSORBED PORTION OF
26 NET OPERATING LOSS AS CALCULATED UNDER PARAGRAPH (F) OF SUBDIVISION NINE
27 OF SECTION TWO HUNDRED EIGHT OF THIS ARTICLE OR SUBSECTION (K-1) OF
28 SECTION FOURTEEN HUNDRED FIFTY-THREE OF THIS CHAPTER AS SUCH SECTIONS
29 WERE IN EFFECT ON DECEMBER THIRTY-FIRST, TWO THOUSAND FOURTEEN, THAT WAS
30 NOT DEDUCTIBLE IN PREVIOUS TAXABLE YEARS AND WAS ELIGIBLE FOR CARRYOVER
31 ON THE LAST DAY OF THE BASE YEAR, INCLUDING ANY NET OPERATING LOSS
32 SUSTAINED BY THE TAXPAYER DURING THE BASE YEAR.

33 (III) "BASE YEAR BAP" MEANS THE TAXPAYER'S BUSINESS ALLOCATION
34 PERCENTAGE AS CALCULATED UNDER PARAGRAPH (A) OF SUBDIVISION THREE OF
35 THIS SECTION FOR THE BASE YEAR, OR THE TAXPAYER'S ALLOCATION PERCENTAGE
36 AS CALCULATED UNDER SECTION FOURTEEN HUNDRED FIFTY-FOUR OF THIS CHAPTER
37 FOR PURPOSES OF CALCULATING ENTIRE NET INCOME FOR THE BASE YEAR, AS SUCH
38 SECTIONS WERE IN EFFECT ON DECEMBER THIRTY-FIRST, TWO THOUSAND FOURTEEN.

39 (IV) "BASE YEAR TAX RATE" MEANS THE TAXPAYER'S TAX RATE FOR THE BASE
40 YEAR AS CALCULATED UNDER THIS PARAGRAPH OR SUBSECTION (A) OF SECTION
41 FOURTEEN HUNDRED FIFTY-FIVE OF THIS CHAPTER, AS SUCH PROVISIONS WERE IN
42 EFFECT ON DECEMBER THIRTY-FIRST, TWO THOUSAND FOURTEEN.

43 (2) THE PRIOR NET OPERATING LOSS CONVERSION SUBTRACTION SHALL BE
44 CALCULATED AS FOLLOWS:

45 (I) THE TAXPAYER SHALL FIRST CALCULATE THE TAX VALUE OF ITS UNABSORBED
46 NET OPERATING LOSS FOR THE BASE YEAR. THE VALUE IS EQUAL TO THE PRODUCT
47 OF (I) THE AMOUNT OF THE TAXPAYER'S UNABSORBED NET OPERATING LOSS, (II)
48 THE TAXPAYER'S BASE YEAR BAP, AND (III) THE TAXPAYER'S BASE YEAR TAX
49 RATE.

50 (II) THE PRODUCT DETERMINED UNDER ITEM (I) OF THIS SUBCLAUSE IS THEN
51 DIVIDED BY SIX AND ONE-HALF PERCENT, OR IN THE CASE OF A QUALIFIED NEW
52 YORK MANUFACTURER, FIVE AND SEVEN-TENTHS PERCENT. THIS RESULT SHALL
53 EQUAL THE TAXPAYER'S PRIOR NET OPERATING LOSS CONVERSION SUBTRACTION
54 POOL.

55 (III) THE TAXPAYER'S PRIOR NET OPERATING LOSS CONVERSION SUBTRACTION
56 FOR THE TAXABLE YEAR SHALL EQUAL ONE-HALF FOR NO MORE THAN TWO CONSEC-

UTIVE TAX YEARS OR ONE-TENTH OF ITS NET OPERATING LOSS CONVERSION SUBTRACTION POOL PLUS ANY AMOUNT OF UNUSED PRIOR NET OPERATING LOSS CONVERSION SUBTRACTION FROM PRECEDING TAXABLE YEARS. PROVIDED, HOWEVER, THE PRIOR NET OPERATING LOSS CONVERSION SUBTRACTION OF A SMALL BUSINESS CORPORATION, AS DEFINED IN PARAGRAPH (F) OF THIS SUBDIVISION, AS OF THE LAST DAY OF THE BASE YEAR, SHALL NOT BE SUBJECT TO THE ONE-TENTH LIMITATION IN THE PREVIOUS SENTENCE.

(3) COMBINED GROUPS. (I) WHERE A TAXPAYER WAS PROPERLY INCLUDED OR REQUIRED TO BE INCLUDED IN A COMBINED REPORT FOR THE BASE YEAR PURSUANT TO SECTION TWO HUNDRED ELEVEN OF THIS ARTICLE OR A COMBINED RETURN UNDER SECTION FOURTEEN HUNDRED SIXTY-TWO OF THIS CHAPTER, AS SUCH SECTIONS WERE IN EFFECT ON DECEMBER THIRTY-FIRST, TWO THOUSAND FOURTEEN, AND THE MEMBERS OF THE COMBINED GROUP FOR THE BASE YEAR ARE THE SAME AS THE MEMBERS OF THE COMBINED GROUP FOR THE TAXABLE YEAR IMMEDIATELY SUCCEEDING THE BASE YEAR, THE COMBINED GROUP SHALL CALCULATE ITS PRIOR NET OPERATING LOSS CONVERSION SUBTRACTION POOL USING THE COMBINED GROUP'S TOTAL UNABSORBED NET OPERATING LOSS, BASE YEAR BAP, AND BASE YEAR TAX RATE.

(II) IF A COMBINED GROUP INCLUDES ADDITIONAL MEMBERS IN THE TAXABLE YEAR IMMEDIATELY SUCCEEDING THE BASE YEAR THAT WERE NOT INCLUDED IN THE COMBINED GROUP DURING THE BASE YEAR, EACH BASE YEAR COMBINED GROUP AND EACH TAXPAYER THAT FILED SEPARATELY IN THE BASE YEAR BUT IS INCLUDED IN THE COMBINED GROUP IN THE TAXABLE YEAR SUCCEEDING THE BASE YEAR SHALL CALCULATE ITS PRIOR NET OPERATING LOSS CONVERSION SUBTRACTION POOL, AND THE SUM OF THE POOLS SHALL BE THE COMBINED PRIOR NET OPERATING LOSS CONVERSION SUBTRACTION POOL OF THE COMBINED GROUP.

(III) IF A TAXPAYER WAS PROPERLY INCLUDED IN A COMBINED REPORT FOR THE BASE YEAR AND FILES A SEPARATE REPORT IN A SUBSEQUENT TAXABLE YEAR, THEN THE AMOUNT OF REMAINING PRIOR NET OPERATING LOSS CONVERSION SUBTRACTION ALLOWED TO THE TAXPAYER FILING SUCH SEPARATE REPORT SHALL BE PROPORTIONATE TO THE AMOUNT THAT SUCH TAXPAYER CONTRIBUTED TO THE PRIOR NET OPERATING LOSS CONVERSION SUBTRACTION POOL ON A COMBINED BASIS, AND THE REMAINING PRIOR NET OPERATING LOSS CONVERSION SUBTRACTION ALLOWED TO THE REMAINING MEMBERS OF THE COMBINED GROUP SHALL BE REDUCED ACCORDINGLY.

(4) THE PRIOR NET OPERATING LOSS CONVERSION SUBTRACTION MAY BE USED TO REDUCE THE TAXPAYER'S TAX ON ALLOCATED BUSINESS INCOME TO THE HIGHER OF THE TAX ON THE CAPITAL BASE UNDER PARAGRAPH (B) OF THIS SUBDIVISION OR THE FIXED DOLLAR MINIMUM UNDER PARAGRAPH (D) OF THIS SUBDIVISION. ANY AMOUNT OF UNUSED SUBTRACTION SHALL BE CARRIED FORWARD TO SUBSEQUENT TAX YEAR OR YEARS UNTIL TAX YEARS BEGINNING ON OR AFTER JANUARY FIRST, TWO THOUSAND THIRTY-SIX, AND SHALL NOT BE SUBJECT TO THE ONE-TENTH LIMITATION IN THE SUBSEQUENT TAX YEAR OR YEARS.

(IX) NET OPERATING LOSS DEDUCTION. IN COMPUTING THE BUSINESS INCOME BASE, A NET OPERATING LOSS DEDUCTION SHALL BE ALLOWED. A NET OPERATING LOSS DEDUCTION IS THE AMOUNT OF NET OPERATING LOSS OR LOSSES FROM ONE OR MORE TAXABLE YEARS THAT ARE CARRIED FORWARD TO A PARTICULAR INCOME YEAR. A NET OPERATING LOSS IS THE AMOUNT OF A BUSINESS LOSS INCURRED IN A PARTICULAR TAX YEAR MULTIPLIED BY THE APPORTIONMENT FACTOR FOR THAT YEAR AS DETERMINED UNDER SECTION TWO HUNDRED TEN-A OF THIS ARTICLE. THE MAXIMUM NET OPERATING DEDUCTION THAT IS ALLOWED IN A TAXABLE YEAR IS THE AMOUNT THAT REDUCES THE TAXPAYER'S TAX ON ALLOCATED BUSINESS INCOME TO THE HIGHER OF THE TAX ON THE CAPITAL BASE OR THE FIXED DOLLAR MINIMUM. SUCH DEDUCTION AND LOSS ARE DETERMINED IN ACCORDANCE WITH THE FOLLOWING:

(1) SUCH NET OPERATING LOSS DEDUCTION IS NOT LIMITED TO THE AMOUNT ALLOWED UNDER SECTION ONE HUNDRED SEVENTY-TWO OF THE INTERNAL REVENUE CODE OR THE AMOUNT THAT WOULD HAVE BEEN ALLOWED IF THE TAXPAYER HAD NOT

1 MADE AN ELECTION UNDER SUBCHAPTER S OF CHAPTER ONE OF THE INTERNAL
2 REVENUE CODE.

3 (2) SUCH NET OPERATING LOSS DEDUCTION SHALL NOT INCLUDE ANY NET OPER-
4 ATING LOSS INCURRED DURING ANY TAXABLE YEAR BEGINNING PRIOR TO JANUARY
5 FIRST, TWO THOUSAND FIFTEEN, OR DURING ANY TAXABLE YEAR IN WHICH THE
6 TAXPAYER WAS NOT SUBJECT TO THE TAX IMPOSED BY THIS ARTICLE.

7 (3) A TAXPAYER THAT FILES AS PART OF A FEDERAL CONSOLIDATED RETURN BUT
8 ON A SEPARATE BASIS FOR PURPOSES OF THIS ARTICLE MUST COMPUTE ITS
9 DEDUCTION AND LOSS AS IF IT WERE FILING ON A SEPARATE BASIS FOR FEDERAL
10 INCOME TAX PURPOSES.

11 (4) A NET OPERATING LOSS MUST BE CARRIED FORWARD TO EACH OF THE TWENTY
12 TAXABLE YEARS FOLLOWING THE TAXABLE YEAR OF THE LOSS. NO CARRYBACK OF
13 THE NET OPERATING LOSS IS ALLOWED. A TAXPAYER MUST APPLY BOTH OF THESE
14 LIMITATIONS IN COMPUTING SUCH NET OPERATING LOSS DEDUCTION.

15 (5) SUCH NET OPERATING LOSS DEDUCTION SHALL NOT INCLUDE ANY NET OPER-
16 ATING LOSS INCURRED DURING A NEW YORK S YEAR; PROVIDED, HOWEVER, A NEW
17 YORK S YEAR MUST BE TREATED AS A TAXABLE YEAR FOR PURPOSES OF DETERMIN-
18 ING THE NUMBER OF TAXABLE YEARS TO WHICH A NET OPERATING LOSS MAY BE
19 CARRIED FORWARD.

20 (6) WHERE THERE ARE TWO OR MORE ALLOCATED NET OPERATING LOSSES, OR
21 PORTIONS THEREOF, CARRIED FORWARD TO BE DEDUCTED IN ONE PARTICULAR TAX
22 YEAR FROM ALLOCATED BUSINESS INCOME, THE EARLIEST ALLOCATED LOSS
23 INCURRED MUST BE APPLIED FIRST.

24 (b) Capital base. (1) The [amount prescribed by this paragraph for
25 taxable years beginning before January first, two thousand eight shall
26 be computed at .178 percent for each dollar of the taxpayer's total
27 business and investment capital, or the portion thereof allocated within
28 the state as hereinafter provided. For taxable years beginning on or
29 after January first, two thousand eight, the] amount prescribed by this
30 paragraph shall be computed at .15 percent for each dollar of the
31 taxpayer's total business [and investment] capital, or the portion ther-
32 eof allocated within the state as hereinafter provided. However, in the
33 case of a cooperative housing corporation as defined in the internal
34 revenue code, the applicable rate shall be .04 percent. In no event
35 shall the amount prescribed by this paragraph exceed three hundred fifty
36 thousand dollars for qualified New York manufacturers and for all other
37 taxpayers [ten] FIVE million dollars [for taxable years beginning on or
38 after January first, two thousand eight but before January first, two
39 thousand eleven and one million dollars for taxable years beginning on
40 or after January first, two thousand eleven].

41 (2) For purposes of subparagraph one of this paragraph, the term
42 "manufacturer" shall mean a taxpayer which during the taxable year is
43 principally engaged in the production of goods by manufacturing, proc-
44 essing, assembling, refining, mining, extracting, farming, agriculture,
45 horticulture, floriculture, viticulture or commercial fishing. Moreover,
46 for purposes of computing the capital base in a combined report, the
47 combined group shall be considered a "manufacturer" for purposes of this
48 subparagraph only if the combined group during the taxable year is prin-
49 cipally engaged in the activities set forth in this subparagraph, or any
50 combination thereof. A taxpayer or a combined group shall be "principal-
51 ly engaged" in activities described above if, during the taxable year,
52 more than fifty percent of the gross receipts of the taxpayer or
53 combined group, respectively, are derived from receipts from the sale of
54 goods produced by such activities. In computing a combined group's gross
55 receipts, intercorporate receipts shall be eliminated. A "qualified New
56 York manufacturer" is a manufacturer that has property in New York that

1 is described in [clause (A) of subparagraph (i) of paragraph (b) of]
2 subdivision [twelve of this section] ONE OF SECTION TWO HUNDRED TEN-B OF
3 THIS ARTICLE and either (i) the adjusted basis of that property for
4 federal income tax purposes at the close of the taxable year is at least
5 one million dollars or (ii) all of its real and personal property is
6 located in New York. In addition, a "qualified New York manufacturer"
7 means a taxpayer that is defined as a qualified emerging technology
8 company under paragraph (c) of subdivision one of section thirty-one
9 hundred two-e of the public authorities law regardless of the ten
10 million dollar limitation expressed in subparagraph one of such para-
11 graph.

12 (3) For a qualified New York manufacturer, as defined in subparagraph
13 two of this paragraph, the rate at which the tax is computed in effect
14 for taxable years beginning on or after January first, two thousand
15 thirteen and before January first, two thousand fourteen shall be
16 reduced by nine and two-tenths percent for taxable years commencing on
17 or after January first, two thousand fourteen and before January first,
18 two thousand fifteen, twelve and three-tenths percent for taxable years
19 commencing on or after January first, two thousand fifteen and before
20 January first, two thousand sixteen, fifteen and four-tenths percent for
21 taxable years commencing on or after January first, two thousand sixteen
22 and before January first, two thousand eighteen, and twenty-five percent
23 for taxable years beginning on or after January first, two thousand
24 eighteen.

25 (c) [Minimum taxable income bases. (i) For taxable years beginning
26 after nineteen hundred eighty-six and before nineteen hundred eighty-
27 nine, the amount prescribed by this paragraph shall be computed at the
28 rate of three and one-half percent of the taxpayer's pre-nineteen
29 hundred ninety minimum taxable income base. For taxable years beginning
30 in nineteen hundred eighty-nine, the amount prescribed by this paragraph
31 shall be computed at the rate of five percent of the taxpayer's pre-
32 nineteen hundred ninety minimum taxable income base. A "taxpayer's pre-
33 nineteen hundred ninety minimum taxable income base" shall mean the
34 portion of the taxpayer's entire net income allocated within the state
35 as hereinafter provided, subject to any modification required by para-
36 graphs (d) and (e) of subdivision three of this section;

37 (ii) (A) For taxable years beginning on or after January first, two
38 thousand seven, the amount prescribed by this paragraph shall be
39 computed at the rate of one and one-half percent of the taxpayer's mini-
40 mum taxable income base. The "taxpayer's minimum taxable income base"
41 shall mean the portion of the taxpayer's minimum taxable income allo-
42 cated within the state as hereinafter provided, subject to any modifica-
43 tions required by paragraphs (d) and (e) of subdivision three of this
44 section.

45 (B) For taxable years beginning on or after January first, two thou-
46 sand twelve and before January first, two thousand fifteen, the amount
47 prescribed by this paragraph for an eligible qualified New York manufac-
48 turer shall be computed at the rate of seventy-five hundredths (.75)
49 percent of the taxpayer's minimum taxable income base. For purposes of
50 this clause, the term "eligible qualified New York manufacturer" shall
51 have the same meaning as in subparagraph (vi) of paragraph (a) of this
52 subdivision.

53 (iii) For a qualified New York manufacturer, as defined in subpara-
54 graph (vi) of paragraph (a) of this subdivision, the rate at which the
55 tax is computed in effect for taxable years beginning on or after Janu-
56 ary first, two thousand thirteen and before January first, two thousand

14 fourteen for qualified New York manufacturers shall be reduced by nine
15 and two-tenths percent for taxable years commencing on or after January
16 first, two thousand fourteen and before January first, two thousand
17 fifteen, twelve and three-tenths percent for taxable years commencing on
18 or after January first, two thousand fifteen and before January first,
19 two thousand sixteen, fifteen and four-tenths percent for taxable years
20 commencing on or after January first, two thousand sixteen and before
21 January first, two thousand eighteen, and twenty-five percent for tax-
22 able years beginning on or after January first, two thousand eighteen.]

23 (d) Fixed dollar minimum. (1) The [amount prescribed by this paragraph
24 shall be for a taxpayer which during the taxable year has:

25 (A) a gross payroll of six million two hundred fifty thousand dollars
26 or more, one thousand five hundred dollars;

27 (B) a gross payroll of less than six million two hundred fifty thou-
28 sand dollars but more than one million dollars, four hundred twenty-five
29 dollars;

30 (C) a gross payroll of no more than one million dollars but more than
31 five hundred thousand dollars, three hundred twenty-five dollars;

32 (D) a gross payroll of no more than five hundred thousand dollars but
33 more than two hundred fifty thousand dollars, two hundred twenty-five
34 dollars;

35 (E) a gross payroll of two hundred fifty thousand dollars or less
36 (except as prescribed in clause (F) of this subparagraph), one hundred
37 dollars;

38 (F) a gross payroll of one thousand dollars or less, with total
39 receipts within and without this state of one thousand dollars or less,
40 and the average value of the assets of which are one thousand dollars or
41 less, eight hundred dollars.

42 (2) For purposes of this paragraph:

43 (A) gross payroll shall be the same as the total wages, salaries and
44 other personal service compensation of all the taxpayer's employees,
45 within and without this state, as defined in subparagraph three of para-
46 graph (a) of subdivision three of this section, except that general
47 executive officers shall not be excluded.

48 (B) total receipts shall be the same as receipts within and without
49 this state as defined in subparagraph two of paragraph (a) of subdivi-
50 sion three of this section.

51 (C) average value of the assets shall be the same as prescribed by
52 subdivision two of this section without reduction for liabilities.

53 (3) If the taxable year is less than twelve months, the amount
54 prescribed by this paragraph shall be reduced by twenty-five percent if
55 the period for which the taxpayer is subject to tax is more than six
56 months but not more than nine months and by fifty percent if the period
for which the taxpayer is subject to tax is not more than six months.
Provided, however, that in determining the amount of gross payroll and
total receipts for purposes of subparagraph one of this paragraph, where
the taxable year is less than twelve months, the amount of each shall be
determined by dividing the amount of each with respect to the taxable
year by the number of months in such taxable year and multiplying the
result by twelve. If the taxable year is less than twelve months, the
amount of New York receipts for purposes of subparagraph four of this
paragraph is determined by dividing the amount of the receipts for the
taxable year by the number of months in the taxable year and multiplying
the result by twelve.

(4) Notwithstanding subparagraphs one and two of this paragraph, for
taxable years beginning on or after January first, two thousand eight,

1 the] amount prescribed by this paragraph for New York S corporations
 2 will be determined in accordance with the following table:

3 If New York receipts are:	The fixed dollar minimum tax is:
4 not more than \$100,000	\$ 25
5 more than \$100,000 but not over \$250,000	\$ 50
6 more than \$250,000 but not over \$500,000	\$ 175
7 more than \$500,000 but not over \$1,000,000	\$ 300
8 more than \$1,000,000 but not over \$5,000,000	\$1,000
9 more than \$5,000,000 but not over \$25,000,000	\$3,000
10 Over \$25,000,000	\$4,500

11 [Otherwise the amount prescribed by this paragraph will be determined in
 12 accordance with the following table:]

13 PROVIDED FURTHER, THE AMOUNT PRESCRIBED BY THIS PARAGRAPH FOR A QUALI-
 14 FIED NEW YORK MANUFACTURER, AS DEFINED IN SUBPARAGRAPH (VI) OF PARAGRAPH
 15 (A) OF THIS SUBDIVISION, WILL BE DETERMINED IN ACCORDANCE WITH THE
 16 FOLLOWING TABLES:

17 FOR TAX YEARS BEGINNING ON OR AFTER JANUARY 1, 2014 AND BEFORE JANUARY
 18 1, 2015:

19 IF NEW YORK RECEIPTS ARE:	THE FIXED DOLLAR MINIMUM TAX IS:
20 NOT MORE THAN \$100,000	\$ 23
21 MORE THAN \$100,000 BUT NOT OVER \$250,000	\$ 68
22 MORE THAN \$250,000 BUT NOT OVER \$500,000	\$ 159
23 MORE THAN \$500,000 BUT NOT OVER \$1,000,000	\$ 454
24 MORE THAN \$1,000,000 BUT NOT OVER \$5,000,000	\$1,362
25 MORE THAN \$5,000,000 BUT NOT OVER \$25,000,000	\$3,178
26 OVER \$25,000,000	\$4,500

27 FOR TAX YEARS BEGINNING ON OR AFTER JANUARY 1, 2015 AND BEFORE JANUARY
 28 1, 2016:

29 IF NEW YORK RECEIPTS ARE:	THE FIXED DOLLAR MINIMUM TAX IS:
30 NOT MORE THAN \$100,000	\$ 22
31 MORE THAN \$100,000 BUT NOT OVER \$250,000	\$ 66
32 MORE THAN \$250,000 BUT NOT OVER \$500,000	\$ 153
33 MORE THAN \$500,000 BUT NOT OVER \$1,000,000	\$ 439
34 MORE THAN \$1,000,000 BUT NOT OVER \$5,000,000	\$1,316
35 MORE THAN \$5,000,000 BUT NOT OVER \$25,000,000	\$3,070
36 OVER \$25,000,000	\$4,385

37 FOR TAX YEARS BEGINNING ON OR AFTER JANUARY 1, 2016 AND BEFORE JANUARY
 38 1, 2018:

39 IF NEW YORK RECEIPTS ARE:	THE FIXED DOLLAR MINIMUM TAX IS:
40 NOT MORE THAN \$100,000	\$ 21
41 MORE THAN \$100,000 BUT NOT OVER \$250,000	\$ 63
42 MORE THAN \$250,000 BUT NOT OVER \$500,000	\$ 148
43 MORE THAN \$500,000 BUT NOT OVER \$1,000,000	\$ 423
44 MORE THAN \$1,000,000 BUT NOT OVER \$5,000,000	\$1,269
45 MORE THAN \$5,000,000 BUT NOT OVER \$25,000,000	\$2,961
46 OVER \$25,000,000	\$4,230

47 FOR TAX YEARS BEGINNING ON OR AFTER JANUARY 1, 2018:

1	IF NEW YORK RECEIPTS ARE:	THE FIXED DOLLAR MINIMUM TAX IS:
2	NOT MORE THAN \$100,000	\$ 19
3	MORE THAN \$100,000 BUT NOT OVER \$250,000	\$ 56
4	MORE THAN \$250,000 BUT NOT OVER \$500,000	\$ 131
5	MORE THAN \$500,000 BUT NOT OVER \$1,000,000	\$ 375
6	MORE THAN \$1,000,000 BUT NOT OVER \$5,000,000	\$1,125
7	MORE THAN \$5,000,000 BUT NOT OVER \$25,000,000	\$2,625
8	OVER \$25,000,000	\$3,750

9 OTHERWISE THE AMOUNT PRESCRIBED BY THIS PARAGRAPH WILL BE DETERMINED IN
10 ACCORDANCE WITH THE FOLLOWING TABLE:

11	If New York receipts are:	The fixed dollar minimum tax is:
12	not more than \$100,000	\$ 25
13	more than \$100,000 but not over \$250,000	\$ 75
14	more than \$250,000 but not over \$500,000	\$ 175
15	more than \$500,000 but not over \$1,000,000	\$ 500
16	more than \$1,000,000 but not over \$5,000,000	\$1,500
17	more than \$5,000,000 but not over \$25,000,000	\$3,500
18	Over \$25,000,000	\$5,000

19 For purposes of this paragraph, New York receipts are the receipts
20 [computed in accordance with subparagraph two of paragraph (a) of subdi-
21 vision three of this] INCLUDED IN THE NUMERATOR OF THE APPORTIONMENT
22 FACTOR DETERMINED UNDER section TWO HUNDRED TEN-A for the taxable year.

23 (2) IF THE TAXABLE YEAR IS LESS THAN TWELVE MONTHS, THE AMOUNT OF NEW
24 YORK RECEIPTS IS DETERMINED BY DIVIDING THE AMOUNT OF THE RECEIPTS FOR
25 THE TAXABLE YEAR BY THE NUMBER OF MONTHS IN THE TAXABLE YEAR AND MULTI-
26 PLYING THE RESULT BY TWELVE. IN THE CASE OF A TERMINATION YEAR OF A NEW
27 YORK S CORPORATION, THE SUM OF THE TAX COMPUTED UNDER THIS PARAGRAPH FOR
28 THE S SHORT YEAR AND FOR THE C SHORT YEAR SHALL NOT BE LESS THAN THE
29 AMOUNT COMPUTED UNDER THIS PARAGRAPH AS IF THE CORPORATION WERE A NEW
30 YORK C CORPORATION FOR THE ENTIRE TAXABLE YEAR.

31 [(5) For taxable years beginning on or after January first, two thou-
32 sand twelve and before January first, two thousand fifteen, the amounts
33 prescribed in subparagraphs one and four of this paragraph as the fixed
34 dollar minimum tax for an eligible qualified New York manufacturer shall
35 be one-half of the amounts stated in those subparagraphs. For purposes
36 of this subparagraph, the term "eligible qualified New York manufactur-
37 er" shall have the same meaning as in subparagraph (vi) of paragraph (a)
38 of this subdivision.

39 (6) For a qualified New York manufacturer, as defined in subparagraph
40 (vi) of paragraph (a) of this subdivision, the amounts prescribed in
41 subparagraphs one and four of this paragraph in effect for taxable years
42 beginning on or after January first, two thousand thirteen and before
43 January first, two thousand fourteen for qualified New York manufactur-
44 ers shall be reduced by nine and two-tenths percent for taxable years
45 commencing on or after January first, two thousand fourteen and before
46 January first, two thousand fifteen, twelve and three-tenths percent for
47 taxable years commencing on or after January first, two thousand fifteen
48 and before January first, two thousand sixteen, fifteen and four-tenths
49 percent for taxable years commencing on or after January first, two
50 thousand sixteen and before January first, two thousand eighteen, and
51 twenty-five percent for taxable years beginning on or after January
52 first, two thousand eighteen.]

1 (e) [Subsidiary capital base. (1) The amount prescribed by this para-
2 graph shall be computed at the rate of nine-tenths of a mill for each
3 dollar of the portion of the taxpayer's subsidiary capital allocated
4 within the state as hereinafter provided.

5 (2) For purposes of this paragraph, the amount of such subsidiary
6 capital, prior to allocation, shall be reduced by the applicable
7 percentage of the taxpayer's (i) investments in the stock of, and any
8 indebtedness from, subsidiaries subject to tax under section one hundred
9 eighty-six of this chapter (but only to the extent such indebtedness is
10 included in subsidiary capital), and (ii) investments in the stock of,
11 and any indebtedness from, subsidiaries subject to tax under article
12 thirty-two or thirty-three of this chapter (but only to the extent such
13 indebtedness is included in subsidiary capital). For purposes of clause
14 (i) of this subparagraph, the applicable percentage shall be thirty
15 percent for taxable years beginning in two thousand, and one hundred
16 percent for taxable years beginning after two thousand. For purposes of
17 clause (ii) of this subparagraph, the applicable percentage shall be one
18 hundred percent for taxable years beginning after nineteen hundred nine-
19 ty-nine.]

20 (f) For purposes of this section, the term "small business taxpayer"
21 shall mean a taxpayer (i) which has an entire net income of not more
22 than three hundred ninety thousand dollars for the taxable year; (ii)
23 [which constitutes a small business as defined in section 1244(c)(3) of
24 internal revenue code (without regard to the second sentence of subpara-
25 graph (A) thereof) as of the last day of the taxable year] THE AGGREGATE
26 AMOUNT OF MONEY AND OTHER PROPERTY RECEIVED BY THE CORPORATION FOR
27 STOCK, AS A CONTRIBUTION TO CAPITAL, AND AS PAID-IN SURPLUS, DOES NOT
28 EXCEED ONE MILLION DOLLARS; [and] (iii) which is not part of an affil-
29 iated group, as defined in section 1504 of the internal revenue code,
30 unless such group, if it had filed a report under this article on a
31 combined basis, would have itself qualified as a "small business taxpay-
32 er" pursuant to this subdivision; AND (IV) WHICH HAS AN AVERAGE NUMBER
33 OF INDIVIDUALS, EXCLUDING GENERAL EXECUTIVE OFFICERS, EMPLOYED FULL-TIME
34 IN THE STATE DURING THE TAXABLE YEAR OF ONE HUNDRED OR FEWER. If the
35 taxable period to which subparagraph (i) of this paragraph applies is
36 less than twelve months, entire net income under such subparagraph shall
37 be placed on an annual basis by multiplying the entire net income by
38 twelve and dividing the result by the number of months in the period.
39 FOR PURPOSES OF SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE AMOUNT TAKEN
40 INTO ACCOUNT WITH RESPECT TO ANY PROPERTY OTHER THAN MONEY SHALL BE THE
41 AMOUNT EQUAL TO THE ADJUSTED BASIS TO THE CORPORATION OF SUCH PROPERTY
42 FOR DETERMINING GAIN, REDUCED BY ANY LIABILITY TO WHICH THE PROPERTY WAS
43 SUBJECT OR WHICH WAS ASSUMED BY THE CORPORATION. THE DETERMINATION UNDER
44 THE PRECEDING SENTENCE SHALL BE MADE AS OF THE TIME THE PROPERTY WAS
45 RECEIVED BY THE CORPORATION. FOR PURPOSES OF SUBPARAGRAPH (III) OF THIS
46 SECTION, "AVERAGE NUMBER OF INDIVIDUALS, EXCLUDING GENERAL EXECUTIVE
47 OFFICERS, EMPLOYED FULL-TIME" SHALL BE COMPUTED BY ASCERTAINING THE
48 NUMBER OF SUCH INDIVIDUALS EMPLOYED BY THE TAXPAYER ON THE THIRTY-FIRST
49 DAY OF MARCH, THE THIRTIETH DAY OF JUNE, THE THIRTIETH DAY OF SEPTEMBER
50 AND THE THIRTY-FIRST DAY OF DECEMBER DURING EACH TAXABLE YEAR OR OTHER
51 APPLICABLE PERIOD, BY ADDING TOGETHER THE NUMBER OF SUCH INDIVIDUALS
52 ASCERTAINED ON EACH OF SUCH DATES AND DIVIDING THE SUM SO OBTAINED BY
53 THE NUMBER OF SUCH DATES OCCURRING WITHIN SUCH TAXABLE YEAR OR OTHER
54 APPLICABLE PERIOD. AN INDIVIDUAL EMPLOYED FULL-TIME MEANS AN EMPLOYEE IN
55 A JOB CONSISTING OF AT LEAST THIRTY-FIVE HOURS PER WEEK, OR TWO OR MORE
56 EMPLOYEES WHO ARE IN JOBS THAT TOGETHER CONSTITUTE THE EQUIVALENT OF A

1 JOB AT LEAST THIRTY-FIVE HOURS PER WEEK (FULL-TIME EQUIVALENT).
2 FULL-TIME EQUIVALENT EMPLOYEES IN THE STATE INCLUDES ALL EMPLOYEES REGU-
3 LARLY CONNECTED WITH OR WORKING OUT OF AN OFFICE OR PLACE OF BUSINESS OF
4 THE TAXPAYER WITHIN THE STATE.

5 (g) New York S corporations. (1) General. The amount prescribed by
6 this paragraph shall be, in the case of each New York S corporation,
7 [(i) the higher of the amounts prescribed in paragraphs (a) and (d) of
8 this subdivision (other than the amount prescribed in the final clause
9 of subparagraph one of that paragraph (d)) (ii) reduced by the article
10 twenty-two tax equivalent; provided, however, that the amount thus
11 determined shall not be less than the lowest of the amounts prescribed
12 in subparagraph one of that paragraph (d) (applying the provisions of
13 subparagraph three of that paragraph as necessary). Provided, however,
14 notwithstanding any provision of this paragraph, in taxable years begin-
15 ning in two thousand three and before two thousand eight, the amount
16 prescribed by this paragraph shall be the amount prescribed in subpara-
17 graph one of that paragraph (d) (applying the provisions of subparagraph
18 three of that paragraph as necessary) and applying the calculation of
19 that amount in the case of a termination year as set forth in subpara-
20 graph four of this paragraph as necessary. In taxable years beginning in
21 two thousand eight and thereafter, the amount prescribed by this para-
22 graph is] the amount prescribed in subparagraph four of that paragraph
23 (d) [(applying the provisions of subparagraph three of that paragraph as
24 necessary)] and applying the calculation of that amount in the case of a
25 termination year as set forth in subparagraph four of this paragraph as
26 necessary.

27 (2) [Article twenty-two tax equivalent. For taxable years beginning
28 before July first, nineteen hundred ninety-nine, the article twenty-two
29 tax equivalent is the amount computed under paragraph (a) of this subdivi-
30 sion by substituting for the rate therein the rate of 7.875 percent.
31 For taxable years beginning after June thirtieth, nineteen hundred nine-
32 ty-nine and before July first, two thousand, the article twenty-two tax
33 equivalent is the amount computed under paragraph (a) of this subdivi-
34 sion by substituting for the rate therein the rate of 7.525 percent. For
35 taxable years beginning after June thirtieth, two thousand and before
36 July first, two thousand one, the article twenty-two tax equivalent is
37 the amount computed under paragraph (a) of this subdivision by substi-
38 tuting for the rate therein the rate of 7.175 percent. For taxable years
39 beginning after June thirtieth, two thousand one and before July first,
40 two thousand three, the article twenty-two tax equivalent is the amount
41 computed under paragraph (a) of this subdivision by substituting for the
42 rate therein the rate of 6.85 percent. For taxable years beginning after
43 June thirtieth, two thousand three, the article twenty-two tax equiv-
44 alent is the amount computed under paragraph (a) of this subdivision by
45 substituting for the rate therein the rate of 7.1425 percent.

46 (3) Small business taxpayers. Notwithstanding the provisions of
47 subparagraphs one and two of this paragraph, in the case of a New York S
48 corporation which is a small business taxpayer, as defined in paragraph
49 (f) of this subdivision, the following provisions shall apply:

50 (A) For taxable years beginning before July first, nineteen hundred
51 ninety-nine, the article twenty-two tax equivalent is the amount
52 computed under paragraph (a) of this subdivision by substituting for the
53 rate therein the rate of 7.875 percent.

54 (B) For taxable years beginning after June thirtieth, nineteen hundred
55 ninety-nine and before July first, two thousand three, the amount
56 computed under paragraph (a) of this subdivision, as referred to in

1 subparagraph one of this paragraph, shall be computed by substituting
2 for the rate therein the rate of 7.5 percent, and the article twenty-two
3 tax equivalent under paragraph (a) of this subdivision shall be computed
4 as follows:

5 (i) if the entire net income base is not more than two hundred thou-
6 sand dollars, the article twenty-two tax equivalent is the amount
7 computed under paragraph (a) of this subdivision by substituting for the
8 rate therein the rate of 7.45 percent;

9 (ii) if the entire net income base is more than two hundred thousand
10 dollars but not over two hundred ninety thousand dollars, the article
11 twenty-two tax equivalent shall be computed as the sum of (I) fourteen
12 thousand nine hundred dollars, (II) six and eighty-five hundredths
13 percent of the first fifty thousand dollars in excess of the entire net
14 income base over two hundred thousand dollars, and (III) three and
15 eighty-five hundredths percent of the excess, if any, of the entire net
16 income base over two hundred fifty thousand dollars.

17 (C) For taxable years beginning after June thirtieth, two thousand
18 three, the amount computed under paragraph (a) of this subdivision, as
19 referred to in subparagraph one of this paragraph, shall be computed by
20 substituting for the rate therein the rate of 7.5 percent, and the arti-
21 cle twenty-two tax equivalent under paragraph (a) of this subdivision
22 shall be computed as follows:

23 (i) if the entire net income base is not more than two hundred thou-
24 sand dollars, the article twenty-two tax equivalent is the amount
25 computed under paragraph (a) of this subdivision by substituting for the
26 rate therein the rate of 7.4725 percent;

27 (ii) if the entire net income base is more than two hundred thousand
28 dollars but not over two hundred ninety thousand dollars, the article
29 twenty-two tax equivalent shall be computed as the sum of (I) fourteen
30 thousand nine hundred forty-five dollars, (II) 7.1425 percent of the
31 first fifty thousand dollars in excess of the entire net income base
32 over two hundred thousand dollars, and (III) 5.4925 percent of the
33 excess, if any, of the entire net income base over two hundred fifty
34 thousand dollars.

35 (4)] Termination year. In the case of a termination year, [the tax for
36 the S short year shall be computed under this paragraph without regard
37 to the fixed dollar minimum tax prescribed in paragraph (d) of this
38 subdivision, and the tax for the C short year shall be computed under
39 the opening paragraph of this subdivision without regard to the fixed
40 dollar minimum tax prescribed under such paragraph (d), but in no event
41 shall] the sum of the tax for the S short year and the tax for the C
42 short year SHALL NOT be less than the fixed dollar minimum tax under
43 paragraph (d) of this subdivision computed as if the corporation were a
44 New York C corporation for the entire taxable year.

45 S 13. Subdivision 1-c of section 210 of the tax law, as amended by
46 chapter 1043 of the laws of 1981, the opening paragraph and paragraph
47 (a) as amended by chapter 817 of the laws of 1987, and paragraph (b) as
48 amended by section 12 of part Y of chapter 63 of the laws of 2000, is
49 amended to read as follows:

50 1-c. The computations specified in paragraph (b) of subdivision one of
51 this section shall not apply to the first two taxable years of a taxpay-
52 er which, for one or both such years, is a small business [concern. A
53 small business concern:

54 (a) is a taxpayer which is a small business corporation as defined in
55 paragraph three of subsection (c) of section twelve hundred forty-four

1 of the internal revenue code (without regard to the second sentence of
2 subparagraph (A) thereof) as of the last day of the taxable year,

3 (b) is not a corporation over fifty percent of the number of shares of
4 stock of which entitling the holders thereof to vote for the election of
5 directors or trustees is owned by a taxpayer which (1) is subject to tax
6 under this article; section one hundred eighty-three, one hundred eight-
7 y-four or one hundred eighty-five of article nine; article thirty-two or
8 thirty-three of this chapter, and (2) does not qualify as a small busi-
9 ness corporation as defined in paragraph three of subsection (c) of
10 section twelve hundred forty-four of the internal revenue code (without
11 regard to the second sentence of subparagraph (A) thereof) as of the
12 last day of its taxable year ending within or with the taxable year of
13 the taxpayer,

14 (c) is not a corporation which is substantially similar in operation
15 and in ownership to a business entity (or entities) taxable, or previ-
16 ously taxable, under this article; section one hundred eighty-three, one
17 hundred eighty-four, one hundred eighty-five or one hundred eighty-six
18 of article nine; article thirty-two or thirty-three of this chapter;
19 article twenty-three of this chapter or which would have been subject to
20 tax under such article twenty-three (as such article was in effect on
21 January first, nineteen hundred eighty) or the income (or losses) of
22 which is (or was) includable under article twenty-two of this chapter,
23 and

24 (d) at least ninety percent of the assets of such corporation (valued
25 at original cost) were located and employed in this state during the
26 taxable year and eighty percent of the employees of such corporation (as
27 ascertained within the meaning and intent of subparagraph three of para-
28 graph (a) of subdivision three of this section) were principally
29 employed in this state during the taxable year] TAXPAYER AS DEFINED IN
30 PARAGRAPH (F) OF SUBDIVISION ONE OF THIS SECTION.

31 S 14. Subdivision 2 of section 210 of the tax law, as amended by chap-
32 ter 760 of the laws of 1992, is amended to read as follows:

33 2. The amount of [subsidiary capital,] investment capital and business
34 capital shall each be determined by taking the average value of the
35 assets included therein (less liabilities deductible therefrom pursuant
36 to the provisions of subdivisions [four,] five and seven of section two
37 hundred eight), and, if the period covered by the report is other than a
38 period of twelve calendar months, by multiplying such value by the
39 number of calendar months or major parts thereof included in such peri-
40 od, and dividing the product thus obtained by twelve. For purposes of
41 this subdivision, real property and marketable securities shall be
42 valued at fair market value and the value of personal property other
43 than marketable securities shall be the value thereof shown on the books
44 and records of the taxpayer in accordance with generally accepted
45 accounting principles.

46 S 15. Subdivisions 3, 3-a, 4, 5, 6, 7, 8, 9, 10, 11, 12, 12-A, 12-B,
47 12-C, 12-D, 12-E, 12-F, 12-G, 13, 14, 15, 16, 17, 18, 19, 20, 21, 21-a,
48 22, 23, 23-a, 24, 25, 25-a, 26, 26-a, 27, 28, 30, 31, 32, 33, 34, 35,
49 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, and subdivision 48 as
50 added by section 3 of part T of this act of section 210 of the tax law
51 are REPEALED.

52 S 15-a. Section 210 of the tax law is amended by adding a new subdivi-
53 sion 3 to read as follows:

54 3. A CORPORATION THAT IS A PARTNER IN A PARTNERSHIP SHALL COMPUTE TAX
55 UNDER THIS ARTICLE USING THE AGGREGATE METHOD AS DEFINED IN THE REGU-
56 LATIONS OF THE COMMISSIONER, UNLESS ANOTHER METHOD FOR COMPUTING SUCH

1 TAX IS REQUIRED OR ALLOWED BY SUCH REGULATIONS. UNDER THE AGGREGATE
2 METHOD, A CORPORATION THAT IS A PARTNER IN A PARTNERSHIP IS VIEWED AS
3 HAVING AN UNDIVIDED INTEREST IN THE PARTNERSHIP'S ASSETS, LIABILITIES,
4 AND ITEMS OF RECEIPTS, INCOME, GAIN, LOSS AND DEDUCTION. UNDER THE
5 AGGREGATE METHOD, THE CORPORATION THAT IS A PARTNER IN A PARTNERSHIP IS
6 TREATED AS PARTICIPATING IN THE PARTNERSHIP'S TRANSACTIONS AND ACTIV-
7 ITIES.

8 S 16. The tax law is amended by adding a new section 210-A to read as
9 follows:

10 S 210-A. APPORTIONMENT. 1. GENERAL. BUSINESS INCOME AND CAPITAL SHALL
11 BE APPORTIONED TO THE STATE BY THE APPORTIONMENT FACTOR DETERMINED
12 PURSUANT TO THIS SECTION. THE APPORTIONMENT FACTOR IS A FRACTION, DETER-
13 MINED BY INCLUDING ONLY THOSE RECEIPTS, NET INCOME, NET GAINS, AND OTHER
14 ITEMS DESCRIBED IN THIS SECTION THAT ARE INCLUDED IN THE COMPUTATION OF
15 THE TAXPAYER'S BUSINESS INCOME FOR THE TAXABLE YEAR. THE NUMERATOR OF
16 THE APPORTIONMENT FRACTION SHALL BE EQUAL TO THE SUM OF ALL THE AMOUNTS
17 REQUIRED TO BE INCLUDED IN THE NUMERATOR PURSUANT TO THE PROVISIONS OF
18 THIS SECTION AND THE DENOMINATOR OF THE APPORTIONMENT FRACTION SHALL BE
19 EQUAL TO THE SUM OF ALL THE AMOUNTS REQUIRED TO BE INCLUDED IN THE
20 DENOMINATOR PURSUANT TO THE PROVISIONS OF THIS SECTION.

21 2. SALES OF TANGIBLE PERSONAL PROPERTY AND ELECTRICITY. (A) RECEIPTS
22 FROM SALES OF TANGIBLE PERSONAL PROPERTY WHERE SHIPMENTS ARE MADE TO
23 POINTS WITHIN THE STATE OR THE DESTINATION OF THE PROPERTY IS A POINT IN
24 THE STATE SHALL BE INCLUDED IN THE NUMERATOR OF THE APPORTIONMENT FRAC-
25 TION. RECEIPTS FROM SALES OF TANGIBLE PERSONAL PROPERTY WHERE SHIPMENTS
26 ARE MADE TO POINTS WITHIN AND WITHOUT THE STATE OR THE DESTINATION IS
27 WITHIN AND WITHOUT THE STATE SHALL BE INCLUDED IN THE DENOMINATOR OF THE
28 APPORTIONMENT FRACTION.

29 (B) RECEIPTS FROM SALES OF ELECTRICITY DELIVERED TO POINTS WITHIN THE
30 STATE SHALL BE INCLUDED IN THE NUMERATOR OF THE APPORTIONMENT FRACTION.
31 RECEIPTS FROM SALES OF ELECTRICITY DELIVERED TO POINTS WITHIN AND WITH-
32 OUT THE STATE SHALL BE INCLUDED IN THE DENOMINATOR OF THE APPORTIONMENT
33 FRACTION.

34 (C) RECEIPTS FROM SALES OF TANGIBLE PERSONAL PROPERTY AND ELECTRICITY
35 THAT ARE TRADED AS COMMODITIES AS DESCRIBED IN SECTION 475 OF THE INTER-
36 NAL REVENUE CODE ARE INCLUDED IN THE APPORTIONMENT FRACTION IN ACCORD-
37 ANCE WITH CLAUSE (I) OF SUBPARAGRAPH TWO OF PARAGRAPH (A) OF SUBDIVISION
38 FIVE OF THIS SECTION.

39 3. RENTALS AND ROYALTIES. (A) RECEIPTS FROM RENTALS OF REAL AND TANGI-
40 BLE PERSONAL PROPERTY LOCATED WITHIN THE STATE ARE INCLUDED IN THE
41 NUMERATOR OF THE APPORTIONMENT FRACTION. RECEIPTS FROM RENTALS OF REAL
42 AND TANGIBLE PERSONAL PROPERTY LOCATED WITHIN AND WITHOUT THE STATE
43 SHALL BE INCLUDED IN THE DENOMINATOR OF THE APPORTIONMENT FRACTION.

44 (B) RECEIPTS OF ROYALTIES FROM THE USE OF PATENTS, COPYRIGHTS, TRADE-
45 MARKS, AND SIMILAR INTANGIBLE PERSONAL PROPERTY WITHIN THE STATE ARE
46 INCLUDED IN THE NUMERATOR OF THE APPORTIONMENT FRACTION. RECEIPTS OF
47 ROYALTIES FROM THE USE OF PATENTS, COPYRIGHTS, TRADEMARKS AND SIMILAR
48 INTANGIBLES WITHIN AND WITHOUT THE STATE ARE INCLUDED IN THE DENOMINATOR
49 OF THE APPORTIONMENT FRACTION. A PATENT, COPYRIGHT, TRADEMARK OR SIMILAR
50 INTANGIBLE PROPERTY IS USED IN THE STATE TO THE EXTENT THAT THE ACTIV-
51 ITIES THEREUNDER ARE CARRIED ON IN THE STATE.

52 (C) RECEIPTS FROM THE SALES OF RIGHTS FOR CLOSED-CIRCUIT AND CABLE
53 TELEVISION TRANSMISSIONS OF AN EVENT (OTHER THAN EVENTS OCCURRING ON A
54 REGULARLY SCHEDULED BASIS) TAKING PLACE WITHIN THE STATE AS A RESULT OF
55 THE RENDITION OF SERVICES BY EMPLOYEES OF THE CORPORATION, AS ATHLETES,
56 ENTERTAINERS OR PERFORMING ARTISTS ARE INCLUDED IN THE NUMERATOR OF THE

1 APPORTIONMENT FRACTION TO THE EXTENT THAT SUCH RECEIPTS ARE ATTRIBUTABLE
2 TO SUCH TRANSMISSIONS RECEIVED OR EXHIBITED WITHIN THE STATE. RECEIPTS
3 FROM ALL SALES OF RIGHTS FOR CLOSED-CIRCUIT AND CABLE TELEVISION TRANS-
4 MISSIONS OF AN EVENT ARE INCLUDED IN THE DENOMINATOR OF THE APPORTION-
5 MENT FRACTION.

6 4. DIGITAL PRODUCTS. (A) FOR PURPOSES OF DETERMINING THE APPORTIONMENT
7 FRACTION UNDER THIS SECTION, THE TERM "DIGITAL PRODUCT" MEANS ANY PROP-
8 erty OR SERVICE, OR COMBINATION THEREOF, OF WHATEVER NATURE DELIVERED TO
9 THE PURCHASER THROUGH THE USE OF WIRE, CABLE, FIBER-OPTIC, LASER, MICRO-
10 WAVE, RADIO WAVE, SATELLITE OR SIMILAR SUCCESSOR MEDIA, OR ANY COMBINA-
11 TION THEREOF. DIGITAL PRODUCT INCLUDES, BUT IS NOT LIMITED TO, AN AUDIO
12 WORK, AUDIOVISUAL WORK, VISUAL WORK, BOOK OR LITERARY WORK, GRAPHIC
13 WORK, GAME, INFORMATION OR ENTERTAINMENT SERVICE, STORAGE OF DIGITAL
14 PRODUCTS AND COMPUTER SOFTWARE BY WHATEVER MEANS DELIVERED. THE TERM
15 "DELIVERED TO" INCLUDES FURNISHED OR PROVIDED TO OR ACCESSED BY. A
16 DIGITAL PRODUCT DOES NOT INCLUDE LEGAL, MEDICAL, ACCOUNTING, ARCHITEC-
17 TURAL, RESEARCH, ANALYTICAL, ENGINEERING OR CONSULTING SERVICES PROVIDED
18 BY THE TAXPAYER.

19 (B) RECEIPTS FROM THE SALE OF, LICENCE TO USE, OR GRANTING OF REMOTE
20 ACCESS TO DIGITAL PRODUCTS WITHIN THE STATE, DETERMINED ACCORDING TO THE
21 HIERARCHY OF METHODS SET FORTH IN SUBPARAGRAPHS ONE THROUGH FOUR OF
22 PARAGRAPH (C) OF THIS SUBDIVISION, SHALL BE INCLUDED IN THE NUMERATOR OF
23 THE APPORTIONMENT FRACTION. RECEIPTS FROM THE SALE OF, LICENSE TO USE,
24 OR GRANTING OF REMOTE ACCESS TO DIGITAL PRODUCTS WITHIN AND WITHOUT THE
25 STATE SHALL BE INCLUDED IN THE DENOMINATOR OF THE APPORTIONMENT FRAC-
26 TION. THE TAXPAYER MUST EXERCISE DUE DILIGENCE UNDER EACH METHOD
27 DESCRIBED IN PARAGRAPH (C) OF THIS SUBDIVISION BEFORE REJECTING IT AND
28 PROCEEDING TO THE NEXT METHOD IN THE HIERARCHY. IF THE RECEIPT FOR A
29 DIGITAL PRODUCT IS COMPRISED OF A COMBINATION OF PROPERTY AND SERVICES,
30 IT CANNOT BE DIVIDED INTO SEPARATE COMPONENTS AND IS CONSIDERED TO BE
31 ONE RECEIPT REGARDLESS OF WHETHER IT IS SEPARATELY STATED FOR BILLING
32 PURPOSES. THE ENTIRE RECEIPT MUST BE ALLOCATED BY THIS HIERARCHY.

33 (C) HIERARCHY OF SOURCING METHODS. (1) DELIVERY DESTINATION OF THE
34 DIGITAL PRODUCT. A DIGITAL PRODUCT IS DEEMED DELIVERED WITHIN THE STATE
35 IF THE LOCATION FROM WHICH THE PURCHASER OR ITS AUTHORIZED USER ACCESSES
36 OR USES THE DIGITAL PRODUCT IS IN THE STATE. DESTINATION MAY BE DEMON-
37 STRATED BY INTERNET PROTOCOL ADDRESS OR OTHER SIMILAR OR SUCCESSOR INDI-
38 CATOR, THE GEOGRAPHIC LOCATION OF THE EQUIPMENT TO WHICH THE DIGITAL
39 PRODUCT IS DELIVERED OR FROM WHICH THE DIGITAL PRODUCT IS ACCESSED, OR
40 THE DELIVERY DESTINATION INDICATED ON A BILL OF LADING OR PURCHASE
41 INVOICE. A DIGITAL PRODUCT ACCESSED OR USED BY THE PURCHASER OR ITS
42 AUTHORIZED USER DURING THE TAXPAYER'S TAXABLE YEAR IN MULTIPLE LOCATIONS
43 IS DELIVERED WITHIN THE STATE TO THE EXTENT THAT THE DIGITAL PRODUCT IS
44 ACCESSED OR USED IN THE STATE;

45 (2) BILLING ADDRESS OF THE PURCHASER;

46 (3) ZIP CODE OR OTHER GEOGRAPHIC INDICATOR OF THE PURCHASER'S
47 LOCATION; OR

48 (4) THE APPORTIONMENT FRACTION DETERMINED PURSUANT TO THIS SUBDIVISION
49 FOR THE PRECEDING TAXABLE YEAR, OR, IF THE TAXPAYER WAS NOT SUBJECT TO
50 TAX IN THE PRECEDING TAXABLE YEAR, THEN THE APPORTIONMENT FRACTION IN
51 THE CURRENT TAXABLE YEAR FOR THOSE DIGITAL PRODUCTS THAT CAN BE SOURCED
52 USING THE HIERARCHY OF SOURCING METHODS IN SUBPARAGRAPHS ONE THROUGH
53 THREE OF THIS SUBDIVISION.

54 5. FINANCIAL TRANSACTIONS. (A) FINANCIAL INSTRUMENTS. A FINANCIAL
55 INSTRUMENT IS A "QUALIFIED FINANCIAL INSTRUMENT" IF IT IS MARKED TO
56 MARKET UNDER SECTION 475 OR SECTION 1256 OF THE INTERNAL REVENUE CODE,

1 PROVIDED THAT LOANS SECURED BY REAL PROPERTY SHALL NOT BE QUALIFIED
2 FINANCIAL INSTRUMENTS. A FINANCIAL INSTRUMENT IS A "NONQUALIFIED FINAN-
3 CIAL INSTRUMENT" IF IT IS NOT A QUALIFIED FINANCIAL INSTRUMENT.

4 (1) FIXED PERCENTAGE METHOD FOR QUALIFIED FINANCIAL INSTRUMENTS. IN
5 DETERMINING THE INCLUSION OF RECEIPTS AND NET GAINS FROM QUALIFIED
6 FINANCIAL INSTRUMENTS IN THE APPORTIONMENT FRACTION, TAXPAYERS MAY ELECT
7 TO USE THE FIXED PERCENTAGE METHOD DESCRIBED IN THIS SUBPARAGRAPH FOR
8 QUALIFIED FINANCIAL INSTRUMENTS. THE ELECTION IS IRREVOCABLE, APPLIES TO
9 ALL QUALIFIED FINANCIAL INSTRUMENTS, AND MUST BE MADE ON AN ANNUAL BASIS
10 ON THE TAXPAYER'S ORIGINAL, TIMELY FILED RETURN. IF THE TAXPAYER ELECTS
11 THE FIXED PERCENTAGE METHOD, THEN ALL INCOME, GAIN OR LOSS, FROM QUALI-
12 FIED FINANCIAL INSTRUMENTS CONSTITUTES BUSINESS INCOME, GAIN OR LOSS. IF
13 THE TAXPAYER DOES NOT ELECT TO USE THE FIXED PERCENTAGE METHOD, THEN
14 RECEIPTS AND NET GAINS ARE INCLUDED IN THE APPORTIONMENT FRACTION IN
15 ACCORDANCE WITH THE CUSTOMER SOURCING METHOD DESCRIBED IN SUBPARAGRAPH
16 TWO OF THIS PARAGRAPH. UNDER THE FIXED PERCENTAGE METHOD, EIGHT PERCENT
17 OF ALL NET INCOME (NOT LESS THAN ZERO) FROM QUALIFIED FINANCIAL INSTRU-
18 MENTS IS INCLUDED IN THE NUMERATOR OF THE APPORTIONMENT FRACTION. ALL
19 NET INCOME (NOT LESS THAN ZERO) FROM QUALIFIED FINANCIAL INSTRUMENTS IS
20 INCLUDED IN THE DENOMINATOR OF THE APPORTIONMENT FRACTION.

21 (2) CUSTOMER SOURCING METHOD. RECEIPTS AND NET GAINS FROM QUALIFIED
22 FINANCIAL INSTRUMENTS, IN CASES WHERE THE TAXPAYER DID NOT ELECT TO USE
23 THE FIXED PERCENTAGE METHOD DESCRIBED IN SUBPARAGRAPH ONE OF THIS PARA-
24 GRAPH, AND FROM NONQUALIFIED FINANCIAL INSTRUMENTS ARE INCLUDED IN THE
25 APPORTIONMENT FRACTION IN ACCORDANCE WITH THIS SUBPARAGRAPH. FOR
26 PURPOSES OF THIS PARAGRAPH, AN INDIVIDUAL IS DEEMED TO BE LOCATED IN THE
27 STATE IF HIS OR HER BILLING ADDRESS IS IN THE STATE. A BUSINESS ENTITY
28 IS DEEMED TO BE LOCATED IN THE STATE IF ITS COMMERCIAL DOMICILE IS
29 LOCATED IN THE STATE.

30 (A) LOANS. (I) RECEIPTS CONSTITUTING INTEREST FROM LOANS SECURED BY
31 REAL PROPERTY LOCATED WITHIN THE STATE SHALL BE INCLUDED IN THE NUMERA-
32 TOR OF THE APPORTIONMENT FRACTION. RECEIPTS CONSTITUTING INTEREST FROM
33 LOANS SECURED BY REAL PROPERTY LOCATED WITHIN AND WITHOUT THE STATE
34 SHALL BE INCLUDED IN THE DENOMINATOR OF THE APPORTIONMENT FRACTION.

35 (II) RECEIPTS CONSTITUTING INTEREST FROM LOANS NOT SECURED BY REAL
36 PROPERTY SHALL BE INCLUDED IN THE NUMERATOR OF THE APPORTIONMENT FRAC-
37 TION IF THE BORROWER IS LOCATED IN THE STATE. RECEIPTS CONSTITUTING
38 INTEREST FROM LOANS NOT SECURED BY REAL PROPERTY, WHETHER THE BORROWER
39 IS LOCATED WITHIN OR WITHOUT THE STATE, SHALL BE INCLUDED IN THE DENOMI-
40 NATOR OF THE APPORTIONMENT FRACTION.

41 (III) NET GAINS (NOT LESS THAN ZERO) FROM SALES OF LOANS SECURED BY
42 REAL PROPERTY ARE INCLUDED IN THE NUMERATOR OF THE APPORTIONMENT FRAC-
43 TION AS PROVIDED IN THIS SUBCLAUSE. THE AMOUNT OF NET GAINS FROM THE
44 SALE OF LOANS SECURED BY REAL PROPERTY INCLUDED IN THE NUMERATOR OF THE
45 APPORTIONMENT FRACTION IS DETERMINED BY MULTIPLYING THE NET GAINS BY A
46 FRACTION THE NUMERATOR OF WHICH IS THE AMOUNT OF GROSS PROCEEDS FROM
47 SALES OF LOANS SECURED BY REAL PROPERTY LOCATED WITHIN THE STATE AND THE
48 DENOMINATOR OF WHICH IS THE GROSS PROCEEDS FROM SALES OF LOANS SECURED
49 BY REAL PROPERTY WITHIN AND WITHOUT THE STATE. GROSS PROCEEDS SHALL BE
50 DETERMINED AFTER THE DEDUCTION OF ANY COST INCURRED TO ACQUIRE THE LOANS
51 BUT SHALL NOT BE LESS THAN ZERO. NET GAINS (NOT LESS THAN ZERO) FROM
52 SALES OF LOANS SECURED BY REAL PROPERTY WITHIN AND WITHOUT THE STATE ARE
53 INCLUDED IN THE DENOMINATOR OF THE APPORTIONMENT FRACTION.

54 (IV) NET GAINS (NOT LESS THAN ZERO) FROM SALES OF LOANS NOT SECURED BY
55 REAL PROPERTY ARE INCLUDED IN THE NUMERATOR OF THE APPORTIONMENT FRAC-
56 TION AS PROVIDED IN THIS SUBCLAUSE. THE AMOUNT OF NET GAINS FROM THE

1 SALE OF LOANS NOT SECURED BY REAL PROPERTY INCLUDED IN THE NUMERATOR OF
2 THE APPORTIONMENT FRACTION IS DETERMINED BY MULTIPLYING THE NET GAINS BY
3 A FRACTION, THE NUMERATOR OF WHICH IS THE AMOUNT OF GROSS PROCEEDS FROM
4 SALES OF LOANS NOT SECURED BY REAL PROPERTY TO PURCHASERS LOCATED WITHIN
5 THE STATE AND THE DENOMINATOR OF WHICH IS THE AMOUNT OF GROSS RECEIPTS
6 FROM SALES OF LOANS NOT SECURED BY REAL PROPERTY TO PURCHASERS LOCATED
7 WITHIN AND WITHOUT THE STATE. GROSS PROCEEDS SHALL BE DETERMINED AFTER
8 THE DEDUCTION OF ANY COST INCURRED TO ACQUIRE THE LOANS BUT SHALL NOT BE
9 LESS THAN ZERO. NET GAINS (NOT LESS THAN ZERO) FROM SALES OF LOANS NOT
10 SECURED BY REAL PROPERTY ARE INCLUDED IN THE DENOMINATOR OF THE APPOR-
11 TIONMENT FRACTION.

12 (B) FEDERAL, STATE, AND MUNICIPAL DEBT. RECEIPTS CONSTITUTING INTEREST
13 AND NET GAINS FROM SALES OF DEBT INSTRUMENTS ISSUED BY THE UNITED
14 STATES, ANY STATE, OR POLITICAL SUBDIVISION OF A STATE SHALL NOT BE
15 INCLUDED IN THE NUMERATOR OF THE APPORTIONMENT FRACTION. RECEIPTS
16 CONSTITUTING INTEREST AND NET GAINS (NOT LESS THAN ZERO) FROM SALES OF
17 DEBT INSTRUMENTS ISSUED BY THE UNITED STATES AND THE STATE OF NEW YORK
18 OR ITS POLITICAL SUBDIVISIONS SHALL BE INCLUDED IN THE DENOMINATOR OF
19 THE APPORTIONMENT FRACTION. FIFTY PERCENT OF THE RECEIPTS CONSTITUTING
20 INTEREST AND NET GAINS (NOT LESS THAN ZERO) FROM SALES OF DEBT INSTRU-
21 MENTS ISSUED BY OTHER STATES OR THEIR POLITICAL SUBDIVISIONS SHALL BE
22 INCLUDED IN THE DENOMINATOR OF THE APPORTIONMENT FRACTION.

23 (C) ASSET BACKED SECURITIES AND OTHER GOVERNMENT AGENCY DEBT. EIGHT
24 PERCENT OF THE INTEREST INCOME FROM ASSET BACKED SECURITIES OR OTHER
25 SECURITIES ISSUED BY GOVERNMENT AGENCIES, INCLUDING BUT NOT LIMITED TO
26 SECURITIES ISSUED BY THE GOVERNMENT NATIONAL MORTGAGE ASSOCIATION
27 (GNMA), THE FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA), THE FEDERAL
28 HOME LOAN MORTGAGE CORPORATION (FHLMC), OR THE SMALL BUSINESS ADMINIS-
29 TRATION SHALL BE INCLUDED IN THE NUMERATOR OF THE APPORTIONMENT FRAC-
30 TION. EIGHT PERCENT OF THE NET GAINS (NOT LESS THAN ZERO) FROM (I) SALES
31 OF ASSET BACKED SECURITIES OR OTHER SECURITIES ISSUED BY GOVERNMENT
32 AGENCIES ISSUED BY GNMA, FNMA, OR FHLMC, THE SMALL BUSINESS ADMINIS-
33 TRATION OR OTHER GOVERNMENT AGENCY, OR (II) SALES OF OTHER ASSET BACKED
34 SECURITIES THAT ARE SOLD THROUGH A REGISTERED SECURITIES BROKER OR DEAL-
35 ER OR THROUGH A LICENSED EXCHANGE, SHALL BE INCLUDED IN THE NUMERATOR OF
36 THE APPORTIONMENT FRACTION. THE AMOUNT OF NET GAINS (NOT LESS THAN ZERO)
37 FROM SALES OF OTHER ASSET BACKED SECURITIES REFERENCED IN CLAUSE (II)
38 INCLUDED IN THE NUMERATOR OF THE APPORTIONMENT FRACTION IS DETERMINED BY
39 MULTIPLYING SUCH NET GAINS BY A FRACTION, THE NUMERATOR OF WHICH IS THE
40 AMOUNT OF GROSS PROCEEDS FROM SUCH SALES TO PURCHASERS LOCATED IN THE
41 STATE AND THE DENOMINATOR OF WHICH IS THE AMOUNT OF GROSS PROCEEDS FROM
42 SUCH SALES TO PURCHASERS LOCATED WITHIN AND WITHOUT THE STATE. RECEIPTS
43 CONSTITUTING INTEREST FROM ASSET BACKED SECURITIES AND NET GAINS (NOT
44 LESS THAN ZERO) FROM SALES OF ASSET BACKED SECURITIES ARE INCLUDED IN
45 THE DENOMINATOR OF THE APPORTIONMENT FRACTION. GROSS PROCEEDS SHALL BE
46 DETERMINED AFTER THE DEDUCTION OF ANY COST TO ACQUIRE THE SECURITIES BUT
47 SHALL NOT BE LESS THAN ZERO.

48 (D) CORPORATE BONDS. RECEIPTS CONSTITUTING INTEREST FROM CORPORATE
49 BONDS ARE INCLUDED IN THE NUMERATOR OF THE APPORTIONMENT FRACTION IF THE
50 COMMERCIAL DOMICILE OF THE ISSUING CORPORATION IS IN THE STATE. EIGHT
51 PERCENT OF THE NET GAINS (NOT LESS THAN ZERO) FROM SALES OF CORPORATE
52 BONDS SOLD THROUGH A REGISTERED SECURITIES BROKER OR DEALER OR THROUGH A
53 LICENSED EXCHANGE IS INCLUDED IN THE NUMERATOR OF THE APPORTIONMENT
54 FRACTION. THE AMOUNT OF NET GAINS (NOT LESS THAN ZERO) FROM OTHER SALES
55 OF CORPORATE BONDS INCLUDED IN THE NUMERATOR OF THE APPORTIONMENT FRAC-
56 TION IS DETERMINED BY MULTIPLYING SUCH NET GAINS BY A FRACTION, THE

1 NUMERATOR OF WHICH IS THE AMOUNT OF GROSS PROCEEDS FROM SUCH SALES TO
2 PURCHASERS LOCATED IN THE STATE AND THE DENOMINATOR OF WHICH IS THE
3 AMOUNT OF GROSS PROCEEDS FROM SALES TO PURCHASERS LOCATED WITHIN AND
4 WITHOUT THE STATE. RECEIPTS CONSTITUTING INTEREST FROM CORPORATE BONDS,
5 WHETHER THE ISSUING CORPORATION'S COMMERCIAL DOMICILE IS WITHIN OR WITH-
6 OUT THE STATE, AND NET GAINS (NOT LESS THAN ZERO) FROM SALES OF CORPO-
7 RATE BONDS TO PURCHASERS WITHIN AND WITHOUT THE STATE ARE INCLUDED IN
8 THE DENOMINATOR OF THE APPORTIONMENT FRACTION. GROSS PROCEEDS SHALL BE
9 DETERMINED AFTER THE DEDUCTION OF ANY COST TO ACQUIRE THE BONDS BUT
10 SHALL NOT BE LESS THAN ZERO.

11 (E) REVERSE REPURCHASE AGREEMENTS AND SECURITIES BORROWING AGREEMENTS.
12 EIGHT PERCENT OF NET INTEREST INCOME (NOT LESS THAN ZERO) FROM REVERSE
13 REPURCHASE AGREEMENTS AND SECURITIES BORROWING AGREEMENTS SHALL BE
14 INCLUDED IN THE NUMERATOR OF THE APPORTIONMENT FRACTION. NET INTEREST
15 INCOME (NOT LESS THAN ZERO) FROM REVERSE REPURCHASE AGREEMENTS AND SECU-
16 RITIES BORROWING AGREEMENTS IS INCLUDED IN THE DENOMINATOR OF THE APPOR-
17 TIONMENT FRACTION. NET INTEREST INCOME FROM REVERSE REPURCHASE AGREE-
18 MENTS AND SECURITIES BORROWING AGREEMENTS IS DETERMINED FOR PURPOSES OF
19 THIS SUBDIVISION AFTER THE DEDUCTION OF THE INTEREST EXPENSE FROM THE
20 TAXPAYER'S REPURCHASE AGREEMENTS AND SECURITIES LENDING AGREEMENTS BUT
21 CANNOT BE LESS THAN ZERO. FOR THIS CALCULATION, THE AMOUNT OF SUCH
22 INTEREST EXPENSE IS THE INTEREST EXPENSE ASSOCIATED WITH THE SUM OF THE
23 VALUE OF THE TAXPAYER'S REPURCHASE AGREEMENTS WHERE IT IS THE
24 SELLER/BORROWER PLUS THE VALUE OF THE TAXPAYER'S SECURITIES LENDING
25 AGREEMENTS WHERE IT IS THE SECURITIES LENDER, PROVIDED SUCH SUM IS
26 LIMITED TO THE SUM OF THE VALUE OF THE TAXPAYER'S REVERSE REPURCHASE
27 AGREEMENTS WHERE IT IS THE SELLER/BORROWER AND THE VALUE OF THE TAXPAY-
28 ER'S SECURITIES BORROWING AGREEMENTS.

29 (F) FEDERAL FUNDS. EIGHT PERCENT OF THE NET INTEREST (NOT LESS THAN
30 ZERO) FROM FEDERAL FUNDS IS INCLUDED IN THE NUMERATOR OF THE APPORTION-
31 MENT FRACTION. THE NET INTEREST (NOT LESS THAN ZERO) FROM FEDERAL FUNDS
32 IS INCLUDED IN THE DENOMINATOR OF THE APPORTIONMENT FRACTION. NET INTER-
33 EST FROM FEDERAL FUNDS IS DETERMINED AFTER DEDUCTION OF INTEREST EXPENSE
34 FROM FEDERAL FUNDS.

35 (G) DIVIDENDS AND NET GAINS FROM SALES OF STOCK OR PARTNERSHIP INTER-
36 ESTS. DIVIDENDS FROM STOCK, NET GAINS (NOT LESS THAN ZERO) FROM SALES OF
37 STOCK AND NET GAINS (NOT LESS THAN ZERO) FROM THE SALE OF PARTNERSHIP
38 INTERESTS ARE NOT INCLUDED IN EITHER THE NUMERATOR OR DENOMINATOR OF THE
39 APPORTIONMENT FRACTION UNLESS THE COMMISSIONER DETERMINES PURSUANT TO
40 SUBDIVISION ELEVEN OF THIS SECTION THAT INCLUSION OF SUCH DIVIDENDS AND
41 NET GAINS (NOT LESS THAN ZERO) IS NECESSARY TO PROPERLY REFLECT THE
42 BUSINESS INCOME OR CAPITAL OF THE TAXPAYER.

43 (H) OTHER FINANCIAL INSTRUMENTS. (I) RECEIPTS CONSTITUTING INTEREST
44 FROM OTHER FINANCIAL INSTRUMENTS SHALL BE INCLUDED IN THE NUMERATOR OF
45 THE APPORTIONMENT FRACTION IF THE PAYOR IS LOCATED IN THE STATE.
46 RECEIPTS CONSTITUTING INTEREST FROM OTHER FINANCIAL INSTRUMENTS, WHETHER
47 THE PAYOR IS WITHIN OR WITHOUT THE STATE, ARE INCLUDED IN THE DENOMINA-
48 TOR OF THE APPORTIONMENT FRACTION.

49 (II) NET GAINS (NOT LESS THAN ZERO) FROM SALES OF OTHER FINANCIAL
50 INSTRUMENTS AND OTHER INCOME (NOT LESS THAN ZERO) FROM OTHER FINANCIAL
51 INSTRUMENTS WHERE THE PURCHASER OR PAYOR IS LOCATED IN THE STATE ARE
52 INCLUDED IN THE NUMERATOR OF THE APPORTIONMENT FRACTION, PROVIDED THAT,
53 IF THE PURCHASER OR PAYOR IS A REGISTERED SECURITIES BROKER OR DEALER OR
54 THE TRANSACTION IS MADE THROUGH A LICENSED EXCHANGE, THEN EIGHT PERCENT
55 OF THE NET GAINS (NOT LESS THAN ZERO) OR OTHER INCOME (NOT LESS THAN
56 ZERO) IS INCLUDED IN THE NUMERATOR OF THE APPORTIONMENT FRACTION. NET

1 GAINS (NOT LESS THAN ZERO) FROM SALES OF OTHER FINANCIAL INSTRUMENTS AND
2 OTHER INCOME (NOT LESS THAN ZERO) FROM OTHER FINANCIAL INSTRUMENTS ARE
3 INCLUDED IN THE DENOMINATOR OF THE APPORTIONMENT FRACTION.

4 (I) PHYSICAL COMMODITIES. NET INCOME (NOT LESS THAN ZERO) FROM SALES
5 OF PHYSICAL COMMODITIES ARE INCLUDED IN THE NUMERATOR OF THE APPORTION-
6 MENT FRACTION AS PROVIDED IN THIS SUBPARAGRAPH. THE AMOUNT OF NET INCOME
7 FROM SALES OF PHYSICAL COMMODITIES INCLUDED IN THE NUMERATOR OF THE
8 APPORTIONMENT FRACTION IS DETERMINED BY MULTIPLYING THE NET INCOME FROM
9 SALES OF PHYSICAL COMMODITIES BY A FRACTION, THE NUMERATOR OF WHICH IS
10 THE AMOUNT OF RECEIPTS FROM SALES OF PHYSICAL COMMODITIES ACTUALLY
11 DELIVERED TO POINTS WITHIN THE STATE OR, IF THERE IS NO ACTUAL DELIVERY
12 OF THE PHYSICAL COMMODITY, SOLD TO CUSTOMERS LOCATED IN THE STATE, AND
13 THE DENOMINATOR OF WHICH IS THE AMOUNT OF RECEIPTS FROM SALES OF PHYS-
14 ICAL COMMODITIES ACTUALLY DELIVERED TO POINTS WITHIN AND WITHOUT THE
15 STATE OR SOLD TO CUSTOMERS LOCATED WITHIN AND WITHOUT THE STATE. NET
16 INCOME (NOT LESS THAN ZERO) FROM SALES OF PHYSICAL COMMODITIES IS
17 INCLUDED IN THE DENOMINATOR OF THE APPORTIONMENT FRACTION. NET INCOME
18 (NOT LESS THAN ZERO) FROM SALES OF PHYSICAL COMMODITIES IS DETERMINED
19 AFTER THE DEDUCTION OF THE COST TO ACQUIRE OR PRODUCE THE PHYSICAL
20 COMMODITIES.

21 (B) OTHER RECEIPTS FROM BROKER OR DEALER ACTIVITIES. RECEIPTS OF A
22 REGISTERED SECURITIES BROKER OR DEALER FROM SECURITIES OR COMMODITIES
23 BROKER OR DEALER ACTIVITIES DESCRIBED IN THIS PARAGRAPH SHALL BE DEEMED
24 TO BE GENERATED WITHIN THE STATE AS DESCRIBED IN SUBPARAGRAPHS ONE
25 THROUGH EIGHT OF THIS PARAGRAPH. RECEIPTS FROM SUCH ACTIVITIES GENERATED
26 WITHIN THE STATE SHALL BE INCLUDED IN THE NUMERATOR OF THE APPORTIONMENT
27 FRACTION. RECEIPTS FROM SUCH ACTIVITIES GENERATED WITHIN AND WITHOUT THE
28 STATE SHALL BE INCLUDED IN THE DENOMINATOR OF THE APPORTIONMENT FRAC-
29 TION. FOR THE PURPOSES OF THIS PARAGRAPH, THE TERM "SECURITIES" SHALL
30 HAVE THE SAME MEANING AS IN SECTION 475(C)(2) OF THE INTERNAL REVENUE
31 CODE AND THE TERM "COMMODITIES" SHALL HAVE THE SAME MEANING AS IN
32 SECTION 475(E)(2) OF THE INTERNAL REVENUE CODE.

33 (1) RECEIPTS CONSTITUTING BROKERAGE COMMISSIONS DERIVED FROM THE
34 EXECUTION OF SECURITIES OR COMMODITIES PURCHASE OR SALES ORDERS FOR THE
35 ACCOUNTS OF CUSTOMERS SHALL BE DEEMED TO BE GENERATED WITHIN THE STATE
36 IF THE MAILING ADDRESS IN THE RECORDS OF THE TAXPAYER OF THE CUSTOMER
37 WHO IS RESPONSIBLE FOR PAYING SUCH COMMISSIONS IS WITHIN THE STATE.

38 (2) RECEIPTS CONSTITUTING MARGIN INTEREST EARNED ON BEHALF OF BROKER-
39 AGE ACCOUNTS SHALL BE DEEMED TO BE GENERATED WITHIN THE STATE IF THE
40 MAILING ADDRESS IN THE RECORDS OF THE TAXPAYER OF THE CUSTOMER WHO IS
41 RESPONSIBLE FOR PAYING SUCH MARGIN INTEREST IS WITHIN THE STATE.

42 (3)(A) RECEIPTS CONSTITUTING FEES EARNED BY THE TAXPAYER FOR ADVISORY
43 SERVICES TO A CUSTOMER IN CONNECTION WITH THE UNDERWRITING OF SECURITIES
44 FOR SUCH CUSTOMER (SUCH CUSTOMER BEING THE ENTITY THAT IS CONTEMPLATING
45 ISSUING OR IS ISSUING SECURITIES) OR FEES EARNED BY THE TAXPAYER FOR
46 MANAGING AN UNDERWRITING SHALL BE DEEMED TO BE GENERATED WITHIN THE
47 STATE IF THE MAILING ADDRESS IN THE RECORDS OF THE TAXPAYER OF SUCH
48 CUSTOMER WHO IS RESPONSIBLE FOR PAYING SUCH FEES IS WITHIN THE STATE.

49 (B) RECEIPTS CONSTITUTING THE PRIMARY SPREAD OF SELLING CONCESSION
50 FROM UNDERWRITTEN SECURITIES SHALL BE DEEMED TO BE GENERATED WITHIN THE
51 STATE TO THE EXTENT THE CUSTOMER IS LOCATED IN THE STATE.

52 (C) THE TERM "PRIMARY SPREAD" MEANS THE DIFFERENCE BETWEEN THE PRICE
53 PAID BY THE TAXPAYER TO THE ISSUER OF THE SECURITIES BEING MARKETED AND
54 THE PRICE RECEIVED FROM THE SUBSEQUENT SALE OF THE UNDERWRITTEN SECURI-
55 TIES AT THE INITIAL PUBLIC OFFERING PRICE, LESS ANY SELLING CONCESSION
56 AND ANY FEES PAID TO THE TAXPAYER FOR ADVISORY SERVICES OR ANY MANAGER'S

1 FEES, IF SUCH FEES ARE NOT PAID BY THE CUSTOMER TO THE TAXPAYER SEPA-
2 RATELY. THE TERM "PUBLIC OFFERING PRICE" MEANS THE PRICE AGREED UPON BY
3 THE TAXPAYER AND THE ISSUER AT WHICH THE SECURITIES ARE TO BE OFFERED TO
4 THE PUBLIC. THE TERM "SELLING CONCESSION" MEANS THE AMOUNT PAID TO THE
5 TAXPAYER FOR PARTICIPATING IN THE UNDERWRITING OF A SECURITY WHERE THE
6 TAXPAYER IS NOT THE LEAD UNDERWRITER.

7 (4) RECEIPTS CONSTITUTING ACCOUNT MAINTENANCE FEES SHALL BE DEEMED TO
8 BE GENERATED WITHIN THE STATE IF THE MAILING ADDRESS IN THE RECORD OF
9 THE TAXPAYER OF THE CUSTOMER WHO IS RESPONSIBLE FOR PAYING SUCH ACCOUNT
10 MAINTENANCE FEES IS WITHIN THE STATE.

11 (5) RECEIPTS CONSTITUTING FEES FOR MANAGEMENT OR ADVISORY SERVICES,
12 INCLUDING FEES FOR ADVISORY SERVICES IN RELATION TO MERGER OR ACQUISI-
13 TION ACTIVITIES, BUT EXCLUDING FEES PAID FOR SERVICES DESCRIBED IN PARA-
14 GRAPH (D) OF THIS SUBDIVISION, SHALL BE DEEMED TO BE GENERATED WITHIN
15 THE STATE IF THE MAILING ADDRESS IN THE RECORDS OF THE TAXPAYER OF THE
16 CUSTOMER WHO IS RESPONSIBLE FOR PAYING SUCH FEES IS WITHIN THE STATE.

17 (6) RECEIPTS CONSTITUTING INTEREST EARNED BY THE TAXPAYER ON LOANS AND
18 ADVANCES MADE BY THE TAXPAYER TO A CORPORATION AFFILIATED WITH THE
19 TAXPAYER BUT WITH WHICH THE TAXPAYER IS NOT PERMITTED OR REQUIRED TO
20 FILE A COMBINED REPORT PURSUANT TO SECTION TWO HUNDRED TEN-C OF THIS
21 ARTICLE SHALL BE DEEMED TO ARISE FROM SERVICES PERFORMED AT THE PRINCI-
22 PAL PLACE OF BUSINESS OF SUCH AFFILIATED CORPORATION.

23 (7) IF THE TAXPAYER RECEIVES ANY OF THE RECEIPTS ENUMERATED IN SUBPAR-
24 AGRAPHS ONE THROUGH FOUR OF THIS PARAGRAPH AS A RESULT OF A SECURITIES
25 CORRESPONDENT RELATIONSHIP SUCH TAXPAYER HAS WITH ANOTHER BROKER OR
26 DEALER WITH THE TAXPAYER ACTING IN THIS RELATIONSHIP AS THE CLEARING
27 FIRM, SUCH RECEIPTS SHALL BE DEEMED TO BE GENERATED WITHIN THE STATE TO
28 EXTENT SET FORTH IN EACH OF SUCH SUBPARAGRAPHS. THE AMOUNT OF SUCH
29 RECEIPTS SHALL EXCLUDE THE AMOUNT THE TAXPAYER IS REQUIRED TO PAY TO THE
30 CORRESPONDENT FIRM FOR SUCH CORRESPONDENT RELATIONSHIP. IF THE TAXPAYER
31 RECEIVES ANY OF THE RECEIPTS ENUMERATED IN SUBPARAGRAPHS ONE THROUGH
32 FOUR OF THIS PARAGRAPH AS AS RESULT OF A SECURITIES CORRESPONDENT
33 RELATIONSHIP SUCH TAXPAYER HAS WITH ANOTHER BROKER OR DEALER WITH THE
34 TAXPAYER ACTING IN THIS RELATIONSHIP AS THE INTRODUCING FIRM, SUCH
35 RECEIPTS SHALL BE DEEMED TO BE GENERATED WITHIN THE STATE TO THE EXTENT
36 SET FORTH IN EACH OF SUCH SUBPARAGRAPHS.

37 (8) IF, FOR PURPOSES OF SUBPARAGRAPHS ONE, TWO, CLAUSE (A) OF SUBPARA-
38 GRAPH THREE, FOUR, OR FIVE OF THIS PARAGRAPH THE TAXPAYER IS UNABLE FROM
39 ITS RECORDS TO DETERMINE THE MAILING ADDRESS OF THE CUSTOMER, EIGHT
40 PERCENT OF THE RECEIPTS IS INCLUDED IN THE NUMERATOR OF THE APPORTION-
41 MENT FRACTION.

42 (C) RECEIPTS FROM CREDIT CARD AND SIMILAR ACTIVITIES. RECEIPTS RELAT-
43 ING TO THE BANK, CREDIT, TRAVEL AND ENTERTAINMENT CARD ACTIVITIES
44 DESCRIBED IN THIS PARAGRAPH SHALL BE DEEMED TO BE GENERATED WITHIN THE
45 STATE AS DESCRIBED IN SUBPARAGRAPHS ONE THROUGH THREE OF THIS PARAGRAPH.
46 RECEIPTS FROM SUCH ACTIVITIES GENERATED WITHIN THE STATE SHALL BE
47 INCLUDED IN THE NUMERATOR OF THE APPORTIONMENT FRACTION. RECEIPTS FROM
48 SUCH ACTIVITIES GENERATED WITHIN AND WITHOUT THE STATE SHALL BE INCLUDED
49 IN THE DENOMINATOR OF THE APPORTIONMENT FRACTION.

50 (1) RECEIPTS CONSTITUTING INTEREST, AND FEES AND PENALTIES IN THE
51 NATURE OF INTEREST, FROM BANK, CREDIT, TRAVEL AND ENTERTAINMENT CARD
52 RECEIVABLES SHALL BE DEEMED TO BE GENERATED WITHIN THE STATE IF THE
53 MAILING ADDRESS OF THE CARD HOLDER IN THE RECORDS OF THE TAXPAYER IS IN
54 THE STATE;

(2) RECEIPTS FROM SERVICE CHARGES AND FEES FROM SUCH CARDS SHALL BE DEEMED TO BE GENERATED WITHIN THE STATE IF THE MAILING ADDRESS OF THE CARD HOLDER IN THE RECORDS OF THE TAXPAYER IS IN THE STATE; AND

(3) RECEIPTS FROM MERCHANT DISCOUNTS SHALL BE DEEMED TO BE GENERATED WITHIN THE STATE IF THE MERCHANT IS LOCATED WITHIN THE STATE. IN THE CASE OF A MERCHANT WITH LOCATIONS BOTH WITHIN AND WITHOUT NEW YORK STATE, ONLY RECEIPTS FROM MERCHANT DISCOUNTS ATTRIBUTABLE TO SALES MADE FROM LOCATIONS WITHIN NEW YORK STATE ARE ALLOCATED TO NEW YORK STATE. IT SHALL BE PRESUMED THAT THE LOCATION OF THE MERCHANT IS THE ADDRESS OF THE MERCHANT SHOWN ON THE INVOICE SUBMITTED BY THE MERCHANT TO THE TAXPAYER.

(D) RECEIPTS FROM CERTAIN SERVICES TO INVESTMENT COMPANIES. RECEIPTS RECEIVED FROM AN INVESTMENT COMPANY ARISING FROM THE SALE OF MANAGEMENT, ADMINISTRATION OR DISTRIBUTION SERVICES TO SUCH INVESTMENT COMPANY ARE INCLUDED IN THE DENOMINATOR OF THE APPORTIONMENT FRACTION. THE PORTION OF SUCH RECEIPTS INCLUDED IN THE NUMERATOR OF THE APPORTIONMENT FRACTION (SUCH PORTION REFERRED TO HEREIN AS THE NEW YORK PORTION) SHALL BE DETERMINED AS PROVIDED IN THIS PARAGRAPH.

(1) THE NEW YORK PORTION SHALL BE THE PRODUCT OF THE TOTAL OF SUCH RECEIPTS FROM THE SALE OF SUCH SERVICES AND A FRACTION. THE NUMERATOR OF THAT FRACTION IS THE SUM OF THE MONTHLY PERCENTAGES (AS DEFINED HEREIN-AFTER) DETERMINED FOR EACH MONTH OF THE INVESTMENT COMPANY'S TAXABLE YEAR FOR FEDERAL INCOME TAX PURPOSES WHICH TAXABLE YEAR ENDS WITHIN THE TAXABLE YEAR OF THE TAXPAYER (BUT EXCLUDING ANY MONTH DURING WHICH THE INVESTMENT COMPANY HAD NO OUTSTANDING SHARES). THE MONTHLY PERCENTAGE FOR EACH SUCH MONTH IS DETERMINED BY DIVIDING THE NUMBER OF SHARES IN THE INVESTMENT COMPANY THAT ARE OWNED ON THE LAST DAY OF THE MONTH BY SHAREHOLDERS THAT ARE DOMICILED IN THE STATE BY THE TOTAL NUMBER OF SHARES IN THE INVESTMENT COMPANY OUTSTANDING ON THAT DATE. THE DENOMINATOR OF THE FRACTION IS THE NUMBER OF SUCH MONTHLY PERCENTAGES.

(2)(A) FOR PURPOSES OF THIS PARAGRAPH, AN INDIVIDUAL, ESTATE OR TRUST IS DEEMED TO BE LOCATED IN THE STATE IF HIS, HER OR ITS MAILING ADDRESS ON THE RECORDS OF THE INVESTMENT COMPANY IS IN THE STATE. A BUSINESS ENTITY IS DEEMED TO BE LOCATED IN THE STATE IF ITS COMMERCIAL DOMICILE IS LOCATED IN THE STATE.

(B) FOR PURPOSES OF THIS PARAGRAPH, THE TERM "INVESTMENT COMPANY" MEANS A REGULATED INVESTMENT COMPANY, AS DEFINED IN SECTION 851 OF THE INTERNAL REVENUE CODE, AND A PARTNERSHIP TO WHICH SECTION 7704(A) OF THE INTERNAL REVENUE CODE APPLIES (BY VIRTUE OF SECTION 7704(C)(3) OF SUCH CODE) AND THAT MEETS THE REQUIREMENTS OF SECTION 851(B) OF SUCH CODE. THE PRECEDING SENTENCE SHALL BE APPLIED TO THE TAXABLE YEAR FOR FEDERAL INCOME TAX PURPOSES OF THE BUSINESS ENTITY THAT IS ASSERTED TO CONSTITUTE AN INVESTMENT COMPANY THAT ENDS WITHIN THE TAXABLE YEAR OF THE TAXPAYER.

(C) FOR PURPOSES OF THIS PARAGRAPH THE TERM "RECEIPTS FROM AN INVESTMENT COMPANY" INCLUDES AMOUNTS RECEIVED DIRECTLY FROM AN INVESTMENT COMPANY AS WELL AS AMOUNTS RECEIVED FROM THE SHAREHOLDERS IN SUCH INVESTMENT COMPANY, IN THEIR CAPACITY AS SUCH.

(D) FOR PURPOSES OF THIS PARAGRAPH, THE TERM "MANAGEMENT SERVICES" MEANS THE RENDERING OF INVESTMENT ADVICE TO AN INVESTMENT COMPANY, MAKING DETERMINATIONS AS TO WHEN SALES AND PURCHASES OF SECURITIES ARE TO BE MADE ON BEHALF OF AN INVESTMENT COMPANY, OR THE SELLING OR PURCHASING OF SECURITIES CONSTITUTING ASSETS OF AN INVESTMENT COMPANY, AND RELATED ACTIVITIES, BUT ONLY WHERE SUCH ACTIVITY OR ACTIVITIES ARE PERFORMED PURSUANT TO A CONTRACT WITH THE INVESTMENT COMPANY ENTERED

1 INTO PURSUANT TO SECTION 15(A) OF THE FEDERAL INVESTMENT COMPANY ACT OF
2 NINETEEN HUNDRED FORTY, AS AMENDED.

3 (E) FOR PURPOSES OF THIS PARAGRAPH, THE TERM "DISTRIBUTION SERVICES"
4 MEANS THE SERVICES OF ADVERTISING, SERVICING INVESTOR ACCOUNTS (INCLUD-
5 ING REDEMPTIONS), MARKETING SHARES OR SELLING SHARES OF AN INVESTMENT
6 COMPANY, BUT, IN THE CASE OF ADVERTISING, SERVICING INVESTOR ACCOUNTS
7 (INCLUDING REDEMPTIONS) OR MARKETING SHARES, ONLY WHERE SUCH SERVICE IS
8 PERFORMED BY A PERSON WHO IS (OR WAS, IN THE CASE OF A CLOSED END COMPA-
9 NY) ALSO ENGAGED IN THE SERVICE OF SELLING SUCH SHARES. IN THE CASE OF
10 AN OPEN END COMPANY, SUCH SERVICE OF SELLING SHARES MUST BE PERFORMED
11 PURSUANT TO A CONTRACT ENTERED INTO PURSUANT TO SECTION 15(B) OF THE
12 FEDERAL INVESTMENT COMPANY ACT OF NINETEEN HUNDRED FORTY, AS AMENDED.

13 (F) FOR PURPOSES OF THIS PARAGRAPH, THE TERM "ADMINISTRATION SERVICES"
14 INCLUDES CLERICAL, ACCOUNTING, BOOKKEEPING, DATA PROCESSING, INTERNAL
15 AUDITING, LEGAL AND TAX SERVICES PERFORMED FOR AN INVESTMENT COMPANY BUT
16 ONLY IF THE PROVIDER OF SUCH SERVICE OR SERVICES DURING THE TAXABLE YEAR
17 IN WHICH SUCH SERVICE OR SERVICES ARE SOLD ALSO SELLS MANAGEMENT OR
18 DISTRIBUTION SERVICES, AS DEFINED HEREINABOVE, TO SUCH INVESTMENT COMPA-
19 NY.

20 (E) FOR PURPOSES OF THIS SUBDIVISION, A TAXPAYER SHALL USE THE FOLLOW-
21 ING HIERARCHY TO DETERMINE THE COMMERCIAL DOMICILE OF A BUSINESS ENTITY,
22 BASED ON THE INFORMATION KNOWN TO THE TAXPAYER OR INFORMATION THAT WOULD
23 BE KNOWN UPON REASONABLE INQUIRY: (I) THE LOCATION OF THE TREASURY FUNC-
24 TION OF THE BUSINESS ENTITY; (II) THE SEAT OF MANAGEMENT AND CONTROL OF
25 THE BUSINESS ENTITY; AND (III) THE BILLING ADDRESS OF THE BUSINESS ENTI-
26 TY IN THE TAXPAYER'S RECORDS. THE TAXPAYER MUST EXERCISE DUE DILIGENCE
27 BEFORE REJECTING A METHOD IN THIS HIERARCHY AND PROCEEDING TO THE NEXT
28 METHOD.

29 (F) FOR PURPOSES OF THIS SUBDIVISION, THE TERM "REGISTERED SECURITIES
30 BROKER OR DEALER" MEANS A BROKER OR DEALER REGISTERED AS SUCH BY THE
31 SECURITIES AND EXCHANGE COMMISSION OR A BROKER OR DEALER REGISTERED AS
32 SUCH BY THE COMMODITIES FUTURES TRADING COMMISSION, AND SHALL INCLUDE AN
33 OTC DERIVATIVES DEALER AS DEFINED UNDER REGULATIONS OF THE SECURITIES
34 AND EXCHANGE COMMISSION AT TITLE 17, PART 240, SECTION 3B-12 OF THE CODE
35 OF FEDERAL REGULATIONS (17 CFR 240.3B-12).

36 6. RECEIPTS FROM RAILROAD AND TRUCKING BUSINESS. RECEIPTS FROM THE
37 CONDUCT OF A RAILROAD BUSINESS (INCLUDING SURFACE RAILROAD, WHETHER OR
38 NOT OPERATED BY STEAM, SUBWAY RAILROAD, ELEVATED RAILROAD, PALACE CAR OR
39 SLEEPING CAR BUSINESS) OR A TRUCKING BUSINESS ARE INCLUDED IN THE NUMER-
40 ATOR OF THE APPORTIONMENT FRACTION AS FOLLOWS. THE AMOUNT OF RECEIPTS
41 FROM THE CONDUCT OF A RAILROAD BUSINESS OR A TRUCKING BUSINESS INCLUDED
42 IN THE NUMERATOR OF THE APPORTIONMENT FRACTION IS DETERMINED BY MULTI-
43 PLYING THE AMOUNT OF RECEIPTS FROM SUCH BUSINESS BY A FRACTION, THE
44 NUMERATOR OF WHICH IS THE MILES IN SUCH BUSINESS WITHIN THE STATE DURING
45 THE PERIOD COVERED BY THE TAXPAYER'S REPORT AND THE DENOMINATOR OF WHICH
46 IS THE MILES IN SUCH BUSINESS WITHIN AND WITHOUT THE STATE DURING SUCH
47 PERIOD. RECEIPTS FROM THE CONDUCT OF THE RAILROAD BUSINESS OR A TRUCK-
48 ING BUSINESS ARE INCLUDED IN THE DENOMINATOR OF THE APPORTIONMENT FRAC-
49 TION.

50 7. RECEIPTS FROM AVIATION SERVICES. (A) AIR FREIGHT FORWARDING.
51 RECEIPTS OF A TAXPAYER FROM THE ACTIVITY OF AIR FREIGHT FORWARDING
52 ACTING AS PRINCIPAL AND LIKE INDIRECT AIR CARRIER RECEIPTS ARISING FROM
53 SUCH ACTIVITY SHALL BE INCLUDED IN THE NUMERATOR OF THE APPORTIONMENT
54 FRACTION AS FOLLOWS: ONE HUNDRED PERCENT OF SUCH RECEIPTS IF BOTH THE
55 PICKUP AND DELIVERY ASSOCIATED WITH SUCH RECEIPTS ARE MADE IN THE STATE
56 AND FIFTY PERCENT OF SUCH RECEIPTS IF EITHER THE PICKUP OR DELIVERY

1 ASSOCIATED WITH SUCH RECEIPTS IS MADE IN THIS STATE. SUCH RECEIPTS,
2 WHETHER THE PICKUP OR DELIVERY ASSOCIATED WITH THE RECEIPTS IS WITHIN OR
3 WITHOUT THE STATE, SHALL BE INCLUDED IN THE DENOMINATOR OF THE APPOR-
4 TIONMENT FRACTION.

5 (B) OTHER AVIATION SERVICES. (1)(A) THE PORTION OF RECEIPTS OF A
6 TAXPAYER FROM AVIATION SERVICES (OTHER THAN SERVICES DESCRIBED IN PARA-
7 GRAPH (A) OF THIS SUBDIVISION) TO BE INCLUDED IN THE NUMERATOR OF THE
8 APPORTIONMENT FRACTION SHALL BE DETERMINED BY MULTIPLYING ITS RECEIPTS
9 FROM SUCH AVIATION SERVICES BY A PERCENTAGE WHICH IS EQUAL TO THE ARITH-
10 METIC AVERAGE OF THE FOLLOWING THREE PERCENTAGES:

11 (I) THE PERCENTAGE DETERMINED BY DIVIDING SIXTY PERCENT OF THE
12 AIRCRAFT ARRIVALS AND DEPARTURES WITHIN THIS STATE BY THE TAXPAYER
13 DURING THE PERIOD COVERED BY ITS REPORT BY THE TOTAL AIRCRAFT ARRIVALS
14 AND DEPARTURES WITHIN AND WITHOUT THIS STATE DURING SUCH PERIOD;
15 PROVIDED, HOWEVER, ARRIVALS AND DEPARTURES SOLELY FOR MAINTENANCE OR
16 REPAIR, REFUELING (WHERE NO DEBARKATION OR EMBARKATION OF TRAFFIC
17 OCCURS), ARRIVALS AND DEPARTURES OF FERRY AND PERSONNEL TRAINING FLIGHTS
18 OR ARRIVALS AND DEPARTURES IN THE EVENT OF EMERGENCY SITUATIONS SHALL
19 NOT BE INCLUDED IN COMPUTING SUCH ARRIVAL AND DEPARTURE PERCENTAGE;
20 PROVIDED, FURTHER, THE COMMISSIONER MAY ALSO EXEMPT FROM SUCH PERCENTAGE
21 AIRCRAFT ARRIVALS AND DEPARTURES OF ALL NON-REVENUE FLIGHTS INCLUDING
22 FLIGHTS INVOLVING THE TRANSPORTATION OF OFFICERS OR EMPLOYEES RECEIVING
23 AIR TRANSPORTATION TO PERFORM MAINTENANCE OR REPAIR SERVICES OR WHERE
24 SUCH OFFICERS OR EMPLOYEES ARE TRANSPORTED IN CONJUNCTION WITH AN EMER-
25 GENCY SITUATION OR THE INVESTIGATION OF AN AIR DISASTER (OTHER THAN ON A
26 SCHEDULED FLIGHT); PROVIDED, HOWEVER, THAT ARRIVALS AND DEPARTURES OF
27 FLIGHTS TRANSPORTING OFFICERS AND EMPLOYEES RECEIVING AIR TRANSPORTATION
28 FOR PURPOSES OTHER THAN SPECIFIED ABOVE (WITHOUT REGARD TO REMUNERATION)
29 SHALL BE INCLUDED IN COMPUTING SUCH ARRIVAL AND DEPARTURE PERCENTAGE;

30 (II) THE PERCENTAGE DETERMINED BY DIVIDING SIXTY PERCENT OF THE REVEN-
31 UE TONS HANDLED BY THE TAXPAYER AT AIRPORTS WITHIN THIS STATE DURING
32 SUCH PERIOD BY THE TOTAL REVENUE TONS HANDLED BY IT AT AIRPORTS WITHIN
33 AND WITHOUT THIS STATE DURING SUCH PERIOD; AND

34 (III) THE PERCENTAGE DETERMINED BY DIVIDING SIXTY PERCENT OF THE
35 TAXPAYER'S ORIGINATING REVENUE WITHIN THIS STATE FOR SUCH PERIOD BY ITS
36 TOTAL ORIGINATING REVENUE WITHIN AND WITHOUT THIS STATE FOR SUCH PERIOD.

37 (B) AS USED HEREIN THE TERM "AIRCRAFT ARRIVALS AND DEPARTURES" MEANS
38 THE NUMBER OF LANDINGS AND TAKEOFFS OF THE AIRCRAFT OF THE TAXPAYER AND
39 THE NUMBER OF AIR PICKUPS AND DELIVERIES BY THE AIRCRAFT OF SUCH TAXPAY-
40 ER; THE TERM "ORIGINATING REVENUE" MEANS REVENUE TO THE TAXPAYER FROM
41 THE TRANSPORTATION OR REVENUE PASSENGERS AND REVENUE PROPERTY FIRST
42 RECEIVED BY THE TAXPAYER EITHER AS ORIGINATING OR CONNECTING TRAFFIC AT
43 AIRPORTS; AND THE TERM "REVENUE TONS HANDLED" BY THE TAXPAYER AT
44 AIRPORTS MEANS THE WEIGHT IN TONS OF REVENUE PASSENGERS (AT TWO HUNDRED
45 POUNDS PER PASSENGER) AND REVENUE CARGO FIRST RECEIVED EITHER AS ORIGI-
46 NATING OR CONNECTING TRAFFIC OR FINALLY DISCHARGED BY THE TAXPAYER AT
47 AIRPORTS;

48 (2) ALL SUCH RECEIPTS OF A TAXPAYER FROM AVIATION SERVICES DESCRIBED
49 IN THIS PARAGRAPH ARE INCLUDED IN THE DENOMINATOR OF THE APPORTIONMENT
50 FRACTION.

51 8. RECEIPTS FROM SALES OF ADVERTISING. (A) THE AMOUNT OF RECEIPTS FROM
52 SALES OF ADVERTISING IN NEWSPAPERS OR PERIODICALS INCLUDED IN THE NUMER-
53 ATOR OF THE APPORTIONMENT FRACTION IS DETERMINED BY MULTIPLYING THE
54 TOTAL OF SUCH RECEIPTS BY A FRACTION, THE NUMERATOR OF WHICH IS THE
55 NUMBER OF NEWSPAPERS AND PERIODICALS DELIVERED TO POINTS WITHIN THE
56 STATE AND THE DENOMINATOR OF WHICH IS THE NUMBER OF NEWSPAPERS AND PERI-

1 ODICALS DELIVERED TO POINTS WITHIN AND WITHOUT THE STATE. THE TOTAL OF
2 SUCH RECEIPTS FROM SALES OF ADVERTISING IN NEWSPAPERS OR PERIODICALS IS
3 INCLUDED IN THE DENOMINATOR OF THE APPORTIONMENT FRACTION.

4 (B) THE AMOUNT OF RECEIPTS FROM SALES OF ADVERTISING ON TELEVISION OR
5 RADIO INCLUDED IN THE APPORTIONMENT FRACTION IS DETERMINED BY MULTIPLY-
6 ING THE TOTAL OF SUCH RECEIPTS BY A FRACTION, THE NUMERATOR OF WHICH IS
7 THE NUMBER OF VIEWERS OR LISTENERS WITHIN THE STATE AND THE DENOMINATOR
8 OF WHICH IS THE NUMBER OF VIEWERS OR LISTENERS WITHIN AND WITHOUT THE
9 STATE. THE TOTAL OF SUCH RECEIPTS FROM SALES OF ADVERTISING ON TELE-
10 VISION AND RADIO IS INCLUDED IN THE DENOMINATOR OF THE APPORTIONMENT
11 FRACTION.

12 (C) THE AMOUNT OF RECEIPTS FROM SALES OF ADVERTISING NOT DESCRIBED IN
13 PARAGRAPH (A) OR (B) OF THIS SUBDIVISION THAT IS FURNISHED, PROVIDED OR
14 DELIVERED TO, OR ACCESSED BY THE VIEWER OR LISTENER THROUGH THE USE OF
15 WIRE, CABLE, FIBER-OPTIC, LASER, MICROWAVE, RADIO WAVE, SATELLITE OR
16 SIMILAR SUCCESSOR MEDIA OR ANY COMBINATION THEREOF, INCLUDED IN THE
17 NUMERATOR OF THE APPORTIONMENT FRACTION IS DETERMINED BY MULTIPLYING THE
18 TOTAL OF SUCH RECEIPTS BY A FRACTION, THE NUMERATOR OF WHICH IS THE
19 NUMBER OF VIEWERS OR LISTENERS WITHIN THE STATE AND THE DENOMINATOR OF
20 WHICH IS THE NUMBER OF VIEWERS OR LISTENERS WITHIN AND WITHOUT THE
21 STATE. THE TOTAL OF SUCH RECEIPTS FROM SALES OF ADVERTISING DESCRIBED IN
22 THIS PARAGRAPH IS INCLUDED IN THE DENOMINATOR OF THE APPORTIONMENT FRACTION.
23

24 9. RECEIPTS FROM TRANSPORTATION OR TRANSMISSION OF GAS THROUGH PIPES.
25 RECEIPTS FROM THE TRANSPORTATION OR TRANSMISSION OF GAS THROUGH PIPES
26 ARE INCLUDED IN THE NUMERATOR OF THE APPORTIONMENT FRACTION AS FOLLOWS.
27 THE AMOUNT OF RECEIPTS FROM THE TRANSPORTATION OR TRANSMISSION OF GAS
28 THROUGH PIPES INCLUDED IN THE NUMERATOR OF THE APPORTIONMENT FRACTION IS
29 DETERMINED BY MULTIPLYING THE TOTAL AMOUNT OF SUCH RECEIPTS BY A FRACTION,
30 THE NUMERATOR OF WHICH IS THE TAXPAYER'S TRANSPORTATION UNITS
31 WITHIN THE STATE AND THE DENOMINATOR OF WHICH IS THE TAXPAYER'S TRANSPORTATION
32 UNITS WITHIN AND WITHOUT THE STATE. A TRANSPORTATION UNIT IS
33 THE TRANSPORTATION OF ONE CUBIC FOOT OF GAS OVER A DISTANCE OF ONE MILE.
34 THE TOTAL AMOUNT OF RECEIPTS FROM THE TRANSPORTATION OR TRANSMISSION OF
35 GAS THROUGH PIPES IS INCLUDED IN THE DENOMINATOR OF THE APPORTIONMENT
36 FRACTION.

37 10. (A) RECEIPTS FROM OTHER SERVICES AND OTHER BUSINESS RECEIPTS.
38 RECEIPTS FROM SERVICES NOT ADDRESSED IN SUBDIVISIONS ONE THROUGH NINE OF
39 THIS SECTION AND OTHER BUSINESS RECEIPTS NOT ADDRESSED IN SUCH SUBDIVISIONS
40 SHALL BE INCLUDED IN THE NUMERATOR OF THE APPORTIONMENT FRACTION
41 IF THE LOCATION OF THE CUSTOMER IS WITHIN THE STATE. SUCH RECEIPTS FROM
42 CUSTOMERS WITHIN AND WITHOUT THE STATE ARE INCLUDED IN THE DENOMINATOR
43 OF THE APPORTIONMENT FRACTION. WHETHER THE RECEIPTS ARE INCLUDED IN THE
44 NUMERATOR OF THE APPORTIONMENT FRACTION IS DETERMINED ACCORDING TO THE
45 HIERARCHY OF METHOD SET FORTH IN PARAGRAPH (B) OF THIS SUBDIVISION. THE
46 TAXPAYER MUST EXERCISE DUE DILIGENCE UNDER EACH METHOD DESCRIBED IN
47 PARAGRAPH (B) BEFORE REJECTING IT AND PROCEEDING TO THE NEXT METHOD IN
48 THE HIERARCHY.

49 (B) HIERARCHY OF METHODS. (1) DELIVERY DESTINATION. RECEIPTS FOR
50 SERVICES PERFORMED FOR A CUSTOMER'S PARTICULAR LOCATION, SUCH AS WHERE A
51 DELIVERY IS MADE TO THAT LOCATION, AS MAY BE INDICATED ON A BILL OF
52 LADING OR PURCHASE INVOICE, ARE SOURCED TO THAT LOCATION.

53 (2) BILLING ADDRESS OF THE CUSTOMER.

54 (3) ZIP CODE OR OTHER GEOGRAPHIC INDICATOR OF THE CUSTOMER'S LOCATION.

55 (4) PERCENTAGE OF THE TAXPAYER'S RECEIPTS WITHIN THE STATE DETERMINED
56 PURSUANT TO THIS SUBDIVISION FOR THE PRECEDING TAXABLE YEAR OR, IF THE

1 TAXPAYER WAS NOT SUBJECT TO TAX IN THE PRECEDING TAXABLE YEAR, THEN THE
2 PERCENTAGE OF THE TAXPAYER'S RECEIPTS WITHIN THE STATE IN THE CURRENT
3 TAXABLE YEAR DETERMINED PURSUANT TO THIS SUBDIVISION.

4 11. IF IT SHALL APPEAR TO THE COMMISSIONER THAT THE APPORTIONMENT
5 FRACTION DETERMINED PURSUANT TO THIS SECTION DOES NOT RESULT IN A PROPER
6 REFLECTION OF THE TAXPAYER'S BUSINESS INCOME OR CAPITAL WITHIN THE
7 STATE, THE COMMISSIONER IS AUTHORIZED IN HIS OR HER DISCRETION TO ADJUST
8 IT BY (A) EXCLUDING ONE OR MORE ITEMS IN SUCH DETERMINATION, (B) INCLUD-
9 ING ONE OR MORE OTHER ITEMS IN SUCH DETERMINATION, OR (C) ANY OTHER
10 SIMILAR OR DIFFERENT METHOD CALCULATED TO EFFECT A FAIR AND PROPER
11 APPORTIONMENT OF THE BUSINESS INCOME AND CAPITAL REASONABLY ATTRIBUTED
12 TO THE STATE.

13 S 17. The tax law is amended by adding a new section 210-B to read as
14 follows:

15 S 210-B. CREDITS. 1. INVESTMENT TAX CREDIT (ITC). (A) A TAXPAYER
16 SHALL BE ALLOWED A CREDIT, TO BE COMPUTED AS HEREINAFTER PROVIDED,
17 AGAINST THE TAX IMPOSED BY THIS ARTICLE. THE AMOUNT OF THE CREDIT SHALL
18 BE THE PERCENT PROVIDED FOR HEREINBELOW OF THE INVESTMENT CREDIT BASE.
19 THE INVESTMENT CREDIT BASE IS THE COST OR OTHER BASIS FOR FEDERAL INCOME
20 TAX PURPOSES OF TANGIBLE PERSONAL PROPERTY AND OTHER TANGIBLE PROPERTY,
21 INCLUDING BUILDINGS AND STRUCTURAL COMPONENTS OF BUILDINGS, DESCRIBED IN
22 PARAGRAPH (B) OF THIS SUBDIVISION, LESS THE AMOUNT OF THE NONQUALIFIED
23 NONRECOURSE FINANCING WITH RESPECT TO SUCH PROPERTY TO THE EXTENT SUCH
24 FINANCING WOULD BE EXCLUDIBLE FROM THE CREDIT BASE PURSUANT TO SECTION
25 46(C)(8) OF THE INTERNAL REVENUE CODE (TREATING SUCH PROPERTY AS SECTION
26 THIRTY-EIGHT PROPERTY IRRESPECTIVE OF WHETHER OR NOT IT IN FACT CONSTI-
27 TUTES SECTION THIRTY-EIGHT PROPERTY). IF, AT THE CLOSE OF A TAXABLE YEAR
28 FOLLOWING THE TAXABLE YEAR IN WHICH SUCH PROPERTY WAS PLACED IN SERVICE,
29 THERE IS A NET DECREASE IN THE AMOUNT OF NONQUALIFIED NONRECOURSE
30 FINANCING WITH RESPECT TO SUCH PROPERTY, SUCH NET DECREASE SHALL BE
31 TREATED AS IF IT WERE THE COST OR OTHER BASIS OF PROPERTY DESCRIBED IN
32 PARAGRAPH (B) OF THIS SUBDIVISION ACQUIRED, CONSTRUCTED, RECONSTRUCTED
33 OR ERECTED DURING THE YEAR OF THE DECREASE IN THE AMOUNT OF NONQUALIFIED
34 NONRECOURSE FINANCING. IN THE CASE OF A COMBINED REPORT THE TERM INVEST-
35 MENT CREDIT BASE SHALL MEAN THE SUM OF THE INVESTMENT CREDIT BASE OF
36 EACH CORPORATION INCLUDED ON SUCH REPORT. THE PERCENTAGE TO BE USED TO
37 COMPUTE THE CREDIT ALLOWED PURSUANT TO THIS SUBDIVISION SHALL BE FIVE
38 PERCENT WITH RESPECT TO THE FIRST THREE HUNDRED FIFTY MILLION DOLLARS OF
39 THE INVESTMENT CREDIT BASE, AND FOUR PERCENT WITH RESPECT TO THE INVEST-
40 MENT CREDIT BASE IN EXCESS OF THREE HUNDRED FIFTY MILLION DOLLARS,
41 EXCEPT THAT IN THE CASE OF RESEARCH AND DEVELOPMENT PROPERTY AT THE
42 OPTION OF THE TAXPAYER THE APPLICABLE PERCENTAGE SHALL BE NINE.

43 (B) (I) A CREDIT SHALL BE ALLOWED UNDER THIS SUBDIVISION WITH RESPECT
44 TO TANGIBLE PERSONAL PROPERTY AND OTHER TANGIBLE PROPERTY, INCLUDING
45 BUILDINGS AND STRUCTURAL COMPONENTS OF BUILDINGS, WHICH ARE: DEPRECIABLE
46 PURSUANT TO SECTION ONE HUNDRED SIXTY-SEVEN OF THE INTERNAL REVENUE
47 CODE, HAVE A USEFUL LIFE OF FOUR YEARS OR MORE, ARE ACQUIRED BY PURCHASE
48 AS DEFINED IN SECTION ONE HUNDRED SEVENTY-NINE (D) OF THE INTERNAL
49 REVENUE CODE, HAVE A SITUS IN THIS STATE AND ARE (A) PRINCIPALLY USED BY
50 THE TAXPAYER IN THE PRODUCTION OF GOODS BY MANUFACTURING, PROCESSING,
51 ASSEMBLING, REFINING, MINING, EXTRACTING, FARMING, AGRICULTURE, HORTI-
52 CULTURE, FLORICULTURE, VITICULTURE OR COMMERCIAL FISHING, (B) INDUSTRIAL
53 WASTE TREATMENT FACILITIES OR AIR POLLUTION CONTROL FACILITIES, USED IN
54 THE TAXPAYER'S TRADE OR BUSINESS, (C) RESEARCH AND DEVELOPMENT PROPERTY,
55 OR (D) PRINCIPALLY USED AS A QUALIFIED FILM PRODUCTION FACILITY INCLUD-
56 ING QUALIFIED FILM PRODUCTION FACILITIES HAVING A SITUS IN AN EMPIRE

1 ZONE DESIGNATED AS SUCH PURSUANT TO ARTICLE EIGHTEEN-B OF THE GENERAL
2 MUNICIPAL LAW, WHERE THE TAXPAYER IS PROVIDING THREE OR MORE SERVICES TO
3 ANY QUALIFIED FILM PRODUCTION COMPANY USING THE FACILITY, INCLUDING SUCH
4 SERVICES AS A STUDIO LIGHTING GRID, LIGHTING AND GRIP EQUIPMENT, MULTI-
5 LINE PHONE SERVICE, BROADBAND INFORMATION TECHNOLOGY ACCESS, INDUSTRIAL
6 SCALE ELECTRICAL CAPACITY, FOOD SERVICES, SECURITY SERVICES, AND HEAT-
7 ING, VENTILATION AND AIR CONDITIONING. FOR PURPOSES OF THIS SUBDIVI-
8 SION, THE TERM "GOODS" SHALL NOT INCLUDE ELECTRICITY.

9 (II) FOR PURPOSES OF THIS PARAGRAPH, THE FOLLOWING DEFINITIONS SHALL
10 APPLY--

11 (A) MANUFACTURING SHALL MEAN THE PROCESS OF WORKING RAW MATERIALS INTO
12 WARES SUITABLE FOR USE OR WHICH GIVES NEW SHAPES, NEW QUALITY OR NEW
13 COMBINATIONS TO MATTER WHICH ALREADY HAS GONE THROUGH SOME ARTIFICIAL
14 PROCESS BY THE USE OF MACHINERY, TOOLS, APPLIANCES AND OTHER SIMILAR
15 EQUIPMENT. PROPERTY USED IN THE PRODUCTION OF GOODS SHALL INCLUDE
16 MACHINERY, EQUIPMENT OR OTHER TANGIBLE PROPERTY WHICH IS PRINCIPALLY
17 USED IN THE REPAIR AND SERVICE OF OTHER MACHINERY, EQUIPMENT OR OTHER
18 TANGIBLE PROPERTY USED PRINCIPALLY IN THE PRODUCTION OF GOODS AND SHALL
19 INCLUDE ALL FACILITIES USED IN THE PRODUCTION OPERATION, INCLUDING STOR-
20 AGE OF MATERIAL TO BE USED IN PRODUCTION AND OF THE PRODUCTS THAT ARE
21 PRODUCED.

22 (B) RESEARCH AND DEVELOPMENT PROPERTY SHALL MEAN PROPERTY WHICH IS
23 USED FOR PURPOSES OF RESEARCH AND DEVELOPMENT IN THE EXPERIMENTAL OR
24 LABORATORY SENSE. SUCH PURPOSES SHALL NOT BE DEEMED TO INCLUDE THE ORDI-
25 NARY TESTING OR INSPECTION OF MATERIALS OR PRODUCTS FOR QUALITY CONTROL,
26 EFFICIENCY SURVEYS, MANAGEMENT STUDIES, CONSUMER SURVEYS, ADVERTISING,
27 PROMOTIONS, OR RESEARCH IN CONNECTION WITH LITERARY, HISTORICAL OR SIMI-
28 LAR PROJECTS.

29 (C) INDUSTRIAL WASTE TREATMENT FACILITIES SHALL MEAN PROPERTY CONSTI-
30 TUTING FACILITIES FOR THE TREATMENT, NEUTRALIZATION OR STABILIZATION OF
31 INDUSTRIAL WASTE AND OTHER WASTES (AS THE TERMS "INDUSTRIAL WASTE" AND
32 "OTHER WASTES" ARE DEFINED IN SECTION 17-0105 OF THE ENVIRONMENTAL
33 CONSERVATION LAW) FROM A POINT IMMEDIATELY PRECEDING THE POINT OF SUCH
34 TREATMENT, NEUTRALIZATION OR STABILIZATION TO THE POINT OF DISPOSAL,
35 INCLUDING THE NECESSARY PUMPING AND TRANSMITTING FACILITIES, BUT EXCLUD-
36 ING SUCH FACILITIES INSTALLED FOR THE PRIMARY PURPOSE OF SALVAGING MATE-
37 RIALS WHICH ARE USABLE IN THE MANUFACTURING PROCESS OR ARE MARKETABLE.

38 (D) AIR POLLUTION CONTROL FACILITIES SHALL MEAN PROPERTY CONSTITUTING
39 FACILITIES WHICH REMOVE, REDUCE, OR RENDER LESS NOXIOUS AIR CONTAMINANTS
40 EMITTED FROM AN AIR CONTAMINATION SOURCE (AS THE TERMS "AIR CONTAMINANT"
41 AND "AIR CONTAMINATION SOURCE" ARE DEFINED IN SECTION 19-0107 OF THE
42 ENVIRONMENTAL CONSERVATION LAW) FROM A POINT IMMEDIATELY PRECEDING THE
43 POINT OF SUCH REMOVAL, REDUCTION OR RENDERING TO THE POINT OF DISCHARGE
44 OF AIR, MEETING EMISSION STANDARDS AS ESTABLISHED BY THE DEPARTMENT OF
45 ENVIRONMENTAL CONSERVATION, BUT EXCLUDING SUCH FACILITIES INSTALLED FOR
46 THE PRIMARY PURPOSE OF SALVAGING MATERIALS WHICH ARE USABLE IN THE MANU-
47 FACTURING PROCESS OR ARE MARKETABLE AND EXCLUDING THOSE FACILITIES WHICH
48 RELY FOR THEIR EFFICACY ON DILUTION, DISPERSION OR ASSIMILATION OF AIR
49 CONTAMINANTS IN THE AMBIENT AIR AFTER EMISSION. SUCH TERM SHALL FURTHER
50 INCLUDE FLUE GAS DESULFURIZATION EQUIPMENT AND ATTENDANT SLUDGE DISPOSAL
51 FACILITIES, FLUIDIZED BED BOILERS, PRECOMBUSTION COAL CLEANING FACILI-
52 TIES OR OTHER FACILITIES THAT CONFORM WITH THIS SUBDIVISION AND WHICH
53 COMPLY WITH THE PROVISIONS OF THE STATE ACID DEPOSITION CONTROL ACT SET
54 FORTH IN TITLE NINE OF ARTICLE NINETEEN OF THE ENVIRONMENTAL CONSERVA-
55 TION LAW.

1 (E) THE TERMS "QUALIFIED FILM PRODUCTION FACILITY" AND "QUALIFIED FILM
2 PRODUCTION COMPANY" SHALL HAVE THE SAME MEANING AS IN SECTION
3 TWENTY-FOUR OF THIS CHAPTER.

4 (III) HOWEVER, SUCH CREDIT SHALL BE ALLOWED WITH RESPECT TO INDUSTRIAL
5 WASTE TREATMENT FACILITIES AND AIR POLLUTION CONTROL FACILITIES ONLY ON
6 CONDITION THAT SUCH FACILITIES HAVE BEEN CERTIFIED BY THE STATE COMMIS-
7 SIONER OF ENVIRONMENTAL CONSERVATION OR HIS DESIGNATED REPRESENTATIVE,
8 PURSUANT TO SUBDIVISION ONE OF SECTION 17-0707 OR SUBDIVISION ONE OF
9 SECTION 19-0309 OF THE ENVIRONMENTAL CONSERVATION LAW, AS COMPLYING WITH
10 APPLICABLE PROVISIONS OF THE ENVIRONMENTAL CONSERVATION LAW, THE PUBLIC
11 HEALTH LAW, THE STATE SANITARY CODE AND CODES, RULES, REGULATIONS,
12 PERMITS OR ORDERS ISSUED PURSUANT THERETO.

13 (C)

14 (D) A TAXPAYER SHALL NOT BE ALLOWED A CREDIT UNDER THIS SUBDIVISION
15 WITH RESPECT TO TANGIBLE PERSONAL PROPERTY AND OTHER TANGIBLE PROPERTY,
16 INCLUDING BUILDINGS AND STRUCTURAL COMPONENTS OF BUILDINGS, WHICH IT
17 LEASES TO ANY OTHER PERSON OR CORPORATION. FOR PURPOSES OF THE PRECED-
18 ING SENTENCE, ANY CONTRACT OR AGREEMENT TO LEASE OR RENT OR FOR A
19 LICENSE TO USE SUCH PROPERTY SHALL BE CONSIDERED A LEASE. PROVIDED,
20 HOWEVER, IN DETERMINING WHETHER A TAXPAYER SHALL BE ALLOWED A CREDIT
21 UNDER THIS SUBDIVISION WITH RESPECT TO SUCH PROPERTY, ANY ELECTION MADE
22 WITH RESPECT TO SUCH PROPERTY PURSUANT TO THE PROVISIONS OF PARAGRAPH
23 EIGHT OF SUBSECTION (F) OF SECTION ONE HUNDRED SIXTY-EIGHT OF THE INTER-
24 NAL REVENUE CODE, AS SUCH PARAGRAPH WAS IN EFFECT FOR AGREEMENTS ENTERED
25 INTO PRIOR TO JANUARY FIRST, NINETEEN HUNDRED EIGHTY-FOUR, SHALL BE
26 DISREGARDED. FOR PURPOSES OF THIS PARAGRAPH, THE USE OF A QUALIFIED FILM
27 PRODUCTION FACILITY BY A QUALIFIED FILM PRODUCTION COMPANY SHALL NOT BE
28 CONSIDERED A LEASE OF SUCH FACILITY TO SUCH COMPANY.

29 (E) EXCEPT AS OTHERWISE PROVIDED IN THIS PARAGRAPH, THE CREDIT ALLOWED
30 UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR SHALL NOT REDUCE THE TAX DUE
31 FOR SUCH YEAR TO LESS THAN THE HIGHER OF THE AMOUNTS PRESCRIBED IN PARA-
32 GRAPHS (C) AND (D) OF SUBDIVISION ONE OF THIS SECTION. HOWEVER, IF THE
33 AMOUNT OF CREDIT ALLOWABLE UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR
34 REDUCES THE TAX TO SUCH AMOUNT, ANY AMOUNT OF CREDIT ALLOWED FOR A TAXA-
35 BLE YEAR COMMENCING PRIOR TO JANUARY FIRST, NINETEEN HUNDRED EIGHTY-SEV-
36 EN AND NOT DEDUCTIBLE IN SUCH TAXABLE YEAR MAY BE CARRIED OVER TO THE
37 FOLLOWING YEAR OR YEARS AND MAY BE DEDUCTED FROM THE TAXPAYER'S TAX FOR
38 SUCH YEAR OR YEARS BUT IN NO EVENT SHALL SUCH CREDIT BE CARRIED OVER TO
39 TAXABLE YEARS COMMENCING ON OR AFTER JANUARY FIRST, TWO THOUSAND TWO,
40 AND ANY AMOUNT OF CREDIT ALLOWED FOR A TAXABLE YEAR COMMENCING ON OR
41 AFTER JANUARY FIRST, NINETEEN HUNDRED EIGHTY-SEVEN AND NOT DEDUCTIBLE IN
42 SUCH YEAR MAY BE CARRIED OVER TO THE FIFTEEN TAXABLE YEARS NEXT FOLLOW-
43 ING SUCH TAXABLE YEAR AND MAY BE DEDUCTED FROM THE TAXPAYER'S TAX FOR
44 SUCH YEAR OR YEARS. IN LIEU OF SUCH CARRYOVER, ANY SUCH TAXPAYER WHICH
45 QUALIFIES AS A NEW BUSINESS UNDER PARAGRAPH (J) OF THIS SUBDIVISION MAY
46 ELECT TO TREAT THE AMOUNT OF SUCH CARRYOVER AS AN OVERPAYMENT OF TAX TO
47 BE CREDITED OR REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF SECTION TEN
48 HUNDRED EIGHTY-SIX OF THIS CHAPTER, PROVIDED, HOWEVER, THE PROVISIONS OF
49 SUBSECTION (C) OF SECTION TEN HUNDRED EIGHTY-EIGHT OF THIS CHAPTER
50 NOTWITHSTANDING, NO INTEREST SHALL BE PAID THEREON.

51 (F) AT THE OPTION OF THE TAXPAYER AN ELIGIBLE BUSINESS FACILITY FOR
52 WHICH A CREDIT IS ALLOWED UNDER SUBDIVISION ELEVEN OF THIS SECTION, OR,
53 FOR TAXABLE YEARS COMMENCING PRIOR TO JANUARY FIRST, NINETEEN HUNDRED
54 EIGHTY-SEVEN, AIR OR WATER POLLUTION CONTROL OR CONTROLLED PROCESS
55 FACILITIES WHICH QUALIFY FOR ELECTIVE DEDUCTIONS UNDER PARAGRAPH (G) OF
56 SUBDIVISION NINE OF SECTION TWO HUNDRED EIGHT, MAY BE TREATED AS PROPER-

1 TY PRINCIPALLY USED BY THE TAXPAYER IN THE PRODUCTION OF GOODS BY MANU-
2 FACTURING, PROCESSING, ASSEMBLING, REFINING, MINING, EXTRACTING, FARM-
3 ING, AGRICULTURE, HORTICULTURE, FLORICULTURE, VITICULTURE OR COMMERCIAL
4 FISHING, PROVIDED THE PROPERTY OTHERWISE QUALIFIES UNDER PARAGRAPH (B)
5 OF THIS SUBDIVISION, IN WHICH EVENT, A DEDUCTION SHALL NOT BE ALLOWED
6 UNDER SUCH PARAGRAPH (G).

7 (G) (1) WITH RESPECT TO PROPERTY WHICH IS DEPRECIABLE PURSUANT TO
8 SECTION ONE HUNDRED SIXTY-SEVEN OF THE INTERNAL REVENUE CODE BUT IS NOT
9 SUBJECT TO THE PROVISIONS OF SECTION ONE HUNDRED SIXTY-EIGHT OF SUCH
10 CODE AND WHICH IS DISPOSED OF OR CEASES TO BE IN QUALIFIED USE PRIOR TO
11 THE END OF THE TAXABLE YEAR IN WHICH THE CREDIT IS TO BE TAKEN, THE
12 AMOUNT OF THE CREDIT SHALL BE THAT PORTION OF THE CREDIT PROVIDED FOR IN
13 THIS SUBDIVISION WHICH REPRESENTS THE RATIO WHICH THE MONTHS OF QUALI-
14 FIED USE BEAR TO THE MONTHS OF USEFUL LIFE. IF PROPERTY ON WHICH CREDIT
15 HAS BEEN TAKEN IS DISPOSED OF OR CEASES TO BE IN QUALIFIED USE PRIOR TO
16 THE END OF ITS USEFUL LIFE, THE DIFFERENCE BETWEEN THE CREDIT TAKEN AND
17 THE CREDIT ALLOWED FOR ACTUAL USE MUST BE ADDED BACK IN THE YEAR OF
18 DISPOSITION. PROVIDED, HOWEVER, IF SUCH PROPERTY IS DISPOSED OF OR CEAS-
19 ES TO BE IN QUALIFIED USE AFTER IT HAS BEEN IN QUALIFIED USE FOR MORE
20 THAN TWELVE CONSECUTIVE YEARS, IT SHALL NOT BE NECESSARY TO ADD BACK THE
21 CREDIT AS PROVIDED IN THIS SUBPARAGRAPH. THE AMOUNT OF CREDIT ALLOWED
22 FOR ACTUAL USE SHALL BE DETERMINED BY MULTIPLYING THE ORIGINAL CREDIT BY
23 THE RATIO WHICH THE MONTHS OF QUALIFIED USE BEAR TO THE MONTHS OF USEFUL
24 LIFE. FOR PURPOSES OF THIS SUBPARAGRAPH, USEFUL LIFE OF PROPERTY SHALL
25 BE THE SAME AS THE TAXPAYER USES FOR DEPRECIATION PURPOSES WHEN COMPUT-
26 ING HIS FEDERAL INCOME TAX LIABILITY.

27 (2) EXCEPT WITH RESPECT TO THAT PROPERTY TO WHICH SUBPARAGRAPH FOUR OF
28 THIS PARAGRAPH APPLIES, WITH RESPECT TO THREE-YEAR PROPERTY, AS DEFINED
29 IN SUBSECTION (E) OF SECTION ONE HUNDRED SIXTY-EIGHT OF THE INTERNAL
30 REVENUE CODE, WHICH IS DISPOSED OF OR CEASES TO BE IN QUALIFIED USE
31 PRIOR TO THE END OF THE TAXABLE YEAR IN WHICH THE CREDIT IS TO BE TAKEN,
32 THE AMOUNT OF THE CREDIT SHALL BE THAT PORTION OF THE CREDIT PROVIDED
33 FOR IN THIS SUBDIVISION WHICH REPRESENTS THE RATIO WHICH THE MONTHS OF
34 QUALIFIED USE BEAR TO THIRTY-SIX. IF PROPERTY ON WHICH CREDIT HAS BEEN
35 TAKEN IS DISPOSED OF OR CEASES TO BE IN QUALIFIED USE PRIOR TO THE END
36 OF THIRTY-SIX MONTHS, THE DIFFERENCE BETWEEN THE CREDIT TAKEN AND THE
37 CREDIT ALLOWED FOR ACTUAL USE MUST BE ADDED BACK IN THE YEAR OF DISPOSI-
38 TION. THE AMOUNT OF CREDIT ALLOWED FOR ACTUAL USE SHALL BE DETERMINED BY
39 MULTIPLYING THE ORIGINAL CREDIT BY THE RATIO WHICH THE MONTHS OF QUALI-
40 FIED USE BEAR TO THIRTY-SIX.

41 (3) EXCEPT WITH RESPECT TO THAT PROPERTY TO WHICH SUBPARAGRAPH FOUR OF
42 THIS PARAGRAPH APPLIES, WITH RESPECT TO PROPERTY SUBJECT TO THE
43 PROVISIONS OF SECTION ONE HUNDRED SIXTY-EIGHT OF THE INTERNAL REVENUE
44 CODE, OTHER THAN THREE-YEAR PROPERTY AS DEFINED IN SUBSECTION (E) OF
45 SUCH SECTION ONE HUNDRED SIXTY-EIGHT WHICH IS DISPOSED OF OR CEASES TO
46 BE IN QUALIFIED USE PRIOR TO THE END OF THE TAXABLE YEAR IN WHICH THE
47 CREDIT IS TO BE TAKEN, THE AMOUNT OF THE CREDIT SHALL BE THAT PORTION OF
48 THE CREDIT PROVIDED FOR IN THIS SUBDIVISION WHICH REPRESENTS THE RATIO
49 WHICH THE MONTHS OF QUALIFIED USE BEAR TO SIXTY. IF PROPERTY ON WHICH
50 CREDIT HAS BEEN TAKEN IS DISPOSED OF OR CEASES TO BE IN QUALIFIED USE
51 PRIOR TO THE END OF SIXTY MONTHS, THE DIFFERENCE BETWEEN THE CREDIT
52 TAKEN AND THE CREDIT ALLOWED FOR ACTUAL USE MUST BE ADDED BACK IN THE
53 YEAR OF DISPOSITION. THE AMOUNT OF CREDIT ALLOWED FOR ACTUAL USE SHALL
54 BE DETERMINED BY MULTIPLYING THE ORIGINAL CREDIT BY THE RATIO WHICH THE
55 MONTHS OF QUALIFIED USE BEAR TO SIXTY.

1 (4) WITH RESPECT TO ANY PROPERTY TO WHICH SECTION ONE HUNDRED
2 SIXTY-EIGHT OF THE INTERNAL REVENUE CODE APPLIES, WHICH IS A BUILDING OR
3 A STRUCTURAL COMPONENT OF A BUILDING AND WHICH IS DISPOSED OF OR CEASES
4 TO BE IN QUALIFIED USE PRIOR TO THE END OF THE TAXABLE YEAR IN WHICH THE
5 CREDIT IS TO BE TAKEN, THE AMOUNT OF THE CREDIT SHALL BE THAT PORTION OF
6 THE CREDIT PROVIDED FOR IN THIS SUBDIVISION WHICH REPRESENTS THE RATIO
7 WHICH THE MONTHS OF QUALIFIED USE BEAR TO THE TOTAL NUMBER OF MONTHS
8 OVER WHICH THE TAXPAYER CHOOSES TO DEDUCT THE PROPERTY UNDER THE INTER-
9 NAL REVENUE CODE. IF PROPERTY ON WHICH CREDIT HAS BEEN TAKEN IS DISPOSED
10 OF OR CEASES TO BE IN QUALIFIED USE PRIOR TO THE END OF THE PERIOD OVER
11 WHICH THE TAXPAYER CHOOSES TO DEDUCT THE PROPERTY UNDER THE INTERNAL
12 REVENUE CODE, THE DIFFERENCE BETWEEN THE CREDIT TAKEN AND THE CREDIT
13 ALLOWED FOR ACTUAL USE MUST BE ADDED BACK IN THE YEAR OF DISPOSITION.
14 PROVIDED, HOWEVER, IF SUCH PROPERTY IS DISPOSED OF OR CEASES TO BE IN
15 QUALIFIED USE AFTER IT HAS BEEN IN QUALIFIED USE FOR MORE THAN TWELVE
16 CONSECUTIVE YEARS, IT SHALL NOT BE NECESSARY TO ADD BACK THE CREDIT AS
17 PROVIDED IN THIS SUBPARAGRAPH. THE AMOUNT OF CREDIT ALLOWED FOR ACTUAL
18 USE SHALL BE DETERMINED BY MULTIPLYING THE ORIGINAL CREDIT BY THE RATIO
19 WHICH THE MONTHS OF QUALIFIED USE BEAR TO THE TOTAL NUMBER OF MONTHS
20 OVER WHICH THE TAXPAYER CHOOSES TO DEDUCT THE PROPERTY UNDER THE INTER-
21 NAL REVENUE CODE.

22 (5) FOR PURPOSES OF THIS PARAGRAPH, PROPERTY (I) WHICH IS DESCRIBED IN
23 SUBPARAGRAPH TWO, THREE OR FOUR OF THIS PARAGRAPH, AND (II) WHICH IS
24 SUBJECT TO SUBPARAGRAPH ELEVEN OF PARAGRAPH (A) OF SUBDIVISION NINE AND
25 SUBPARAGRAPH TEN OF PARAGRAPH (B) OF SUBDIVISION NINE OF SECTION TWO
26 HUNDRED EIGHT OF THIS CHAPTER, SHALL BE TREATED AS PROPERTY WHICH IS
27 DEPRECIABLE PURSUANT TO SECTION ONE HUNDRED SIXTY-SEVEN OF THE INTERNAL
28 REVENUE CODE BUT IS NOT SUBJECT TO SECTION ONE HUNDRED SIXTY-EIGHT OF
29 SUCH CODE.

30 (6) FOR PURPOSES OF THIS PARAGRAPH, WHERE A CREDIT IS ALLOWED WITH
31 RESPECT TO AN AIR POLLUTION CONTROL FACILITY ON THE BASIS OF A CERTIF-
32 ICATE OF COMPLIANCE ISSUED PURSUANT TO THE ENVIRONMENTAL CONSERVATION
33 LAW AND THE CERTIFICATE IS REVOKED PURSUANT TO SUBDIVISION THREE OF
34 SECTION 19-0309 OF THE ENVIRONMENTAL CONSERVATION LAW, SUCH REVOCATION
35 SHALL CONSTITUTE A DISPOSAL OR CESSATION OF QUALIFIED USE, UNLESS SUCH
36 FACILITY IS DESCRIBED IN CLAUSE (A) OR (C) OF SUBPARAGRAPH (II) OF PARA-
37 GRAPH (B) OF THIS SUBDIVISION. ALSO FOR PURPOSES OF THIS SUBPARAGRAPH,
38 THE USE OF AN AIR POLLUTION CONTROL FACILITY OR AN INDUSTRIAL WASTE
39 TREATMENT FACILITY FOR THE PRIMARY PURPOSE OF SALVAGING MATERIALS WHICH
40 ARE USABLE IN THE MANUFACTURING PROCESS OR ARE MARKETABLE SHALL CONSTI-
41 TUTE A CESSATION OF QUALIFIED USE, UNLESS SUCH FACILITY IS DESCRIBED IN
42 CLAUSE (A) OR (C) OF SUBPARAGRAPH (II) OF PARAGRAPH (B) OF THIS SUBDIVI-
43 SION.

44 (7) FOR TAXABLE YEARS COMMENCING ON OR AFTER JANUARY FIRST, NINETEEN
45 HUNDRED EIGHTY-SEVEN, THE AMOUNT REQUIRED TO BE ADDED BACK PURSUANT TO
46 THIS PARAGRAPH SHALL BE AUGMENTED BY AN AMOUNT EQUAL TO THE PRODUCT OF
47 SUCH AMOUNT AND THE UNDERPAYMENT RATE OF INTEREST (WITHOUT REGARD TO
48 COMPOUNDING), SET BY THE COMMISSIONER OF TAXATION AND FINANCE PURSUANT
49 TO SUBSECTION (E) OF SECTION ONE THOUSAND NINETY-SIX, IN EFFECT ON THE
50 LAST DAY OF THE TAXABLE YEAR.

51 (8) IF, AS OF THE CLOSE OF THE TAXABLE YEAR, THERE IS A NET INCREASE
52 WITH RESPECT TO THE TAXPAYER IN THE AMOUNT OF NONQUALIFIED NONRECOURSE
53 FINANCING (WITHIN THE MEANING OF SECTION 46(C) (8) OF THE INTERNAL
54 REVENUE CODE) WITH RESPECT TO ANY PROPERTY WITH RESPECT TO WHICH THE
55 CREDIT UNDER THIS SUBDIVISION WAS LIMITED BASED ON ATTRIBUTABLE NONQUAL-
56 IFIED NONRECOURSE FINANCING, THEN AN AMOUNT EQUAL TO THE DECREASE IN

1 SUCH CREDIT WHICH WOULD HAVE RESULTED FROM REDUCING, BY THE AMOUNT OF
2 SUCH NET INCREASE, THE COST OR OTHER BASIS TAKEN INTO ACCOUNT WITH
3 RESPECT TO SUCH PROPERTY MUST BE ADDED BACK IN SUCH TAXABLE YEAR. THE
4 AMOUNT OF NONQUALIFIED NONRECOURSE FINANCING SHALL NOT BE TREATED AS
5 INCREASED BY REASON OF A TRANSFER OF (OR AGREEMENT TO TRANSFER) ANY
6 EVIDENCE OF AN INDEBTEDNESS IF SUCH TRANSFER OCCURS (OR SUCH AGREEMENT
7 IS ENTERED INTO) MORE THAN ONE YEAR AFTER THE DATE SUCH INDEBTEDNESS WAS
8 INCURRED.

9 (11) (A) WHERE PROPERTY WITH RESPECT TO WHICH CREDIT HAS BEEN ALLOWED
10 UNDER THIS SUBDIVISION IS DISPOSED OF BY TRANSFER TO THE TAXPAYER IN A
11 QUALIFIED TRANSACTION, AND SUCH DISPOSITION REQUIRES, PURSUANT TO THIS
12 PARAGRAPH (WITHOUT REGARD TO THIS SUBPARAGRAPH) THAT SUCH CREDIT BE
13 DECREASED (WHERE THE DISPOSITION OCCURS IN THE TAXABLE YEAR IN WHICH THE
14 PROPERTY IS PLACED IN SERVICE BY THE TRANSFEROR) OR THAT A PORTION OF
15 SUCH CREDIT BE ADDED BACK BY THE TRANSFEROR, THEN CLAUSE (B) OR CLAUSE
16 (C) OF THIS SUBPARAGRAPH SHALL APPLY.

17 (B) IF THE TAXPAYER AND THE TRANSFEROR JOINTLY ELECT, AT SUCH TIME AND
18 IN SUCH MANNER AS THE COMMISSIONER MAY PRESCRIBE, THE FOLLOWING SHALL
19 APPLY:

20 (I) SUCH PORTION SHALL NOT BE REQUIRED TO BE ADDED BACK BY THE
21 TRANSFEROR,

22 (II) THE AMOUNT OF UNUSED CREDIT SHALL NOT BE DEDUCTED FROM TAX OTHER-
23 WISE DUE BY THE TRANSFEROR ON ANY RETURN (INCLUDING AN AMENDED RETURN),
24 AND SHALL NOT BE SO DEDUCTED AS PART OF ANY AUDIT ADJUSTMENT OR ANY
25 OTHER DETERMINATION, AND

26 (III) THE AMOUNT OF UNUSED CREDIT SHALL BE TREATED AS AN AMOUNT OF
27 CREDIT OF THE TAXPAYER UNDER THIS SUBDIVISION CARRIED FORWARD BY THE
28 TAXPAYER TO ITS TAXABLE YEAR IN WHICH SUCH TRANSFER OCCURRED, AS IF THE
29 CREDIT ALLOWED TO THE TRANSFEROR WITH RESPECT TO SUCH PROPERTY HAD
30 ORIGINALLY BEEN ALLOWED TO THE TAXPAYER BOTH AS TO AMOUNT AND FIRST DATE
31 OF QUALIFIED USE, AND AS IF THE PERIOD OF QUALIFIED USE BY THE TRANSFER-
32 OR PRIOR TO THE TRANSFER HAD BEEN A PERIOD OF SUCH USE BY THE TAXPAYER.
33 ANY AMOUNT OF CREDIT TREATED AS CARRIED FORWARD TO THE TAXABLE YEAR
34 PURSUANT TO THIS SUBPARAGRAPH SHALL BE APPLIED AS PROVIDED IN CLAUSE (H)
35 OF THIS SUBPARAGRAPH.

36 (C) IF THE TAXPAYER AND THE TRANSFEROR DO NOT MAKE THE ELECTION
37 DESCRIBED IN CLAUSE (B) OF THIS SUBPARAGRAPH, THEN THE AMOUNT OF CREDIT
38 REQUIRED PURSUANT TO THIS PARAGRAPH TO BE ADDED BACK BY THE TRANSFEROR
39 SHALL BE TREATED AS AN AMOUNT OF CREDIT OF THE TAXPAYER UNDER THIS
40 SUBDIVISION TO BE CARRIED FORWARD BY THE TAXPAYER TO ITS TAXABLE YEAR IN
41 WHICH SUCH TRANSFER OCCURRED, AS IF THE CREDIT ALLOWED TO THE TRANSFEROR
42 WITH RESPECT TO SUCH PROPERTY HAD ORIGINALLY BEEN ALLOWED TO THE TAXPAY-
43 ER BOTH AS TO AMOUNT AND FIRST DATE OF QUALIFIED USE, AND AS IF THE
44 PERIOD OF QUALIFIED USE BY THE TRANSFEROR PRIOR TO THE TRANSFER HAD BEEN
45 A PERIOD OF SUCH USE BY THE TAXPAYER. ANY AMOUNT OF CREDIT TREATED AS
46 CARRIED FORWARD TO THE TAXABLE YEAR PURSUANT TO THIS SUBPARAGRAPH SHALL
47 BE APPLIED AS PROVIDED IN CLAUSE (H) OF THIS SUBPARAGRAPH.

48 (D) THE TERM "QUALIFIED TRANSACTION" SHALL MEAN A TRANSACTION WHICH IS
49 A REORGANIZATION DESCRIBED IN SECTION 368(A)(1)(D) OF THE INTERNAL
50 REVENUE CODE, WHEREIN (I) SUBSTANTIALLY ALL OF THE ASSETS OF THE
51 TRANSFEROR NECESSARY TO CONTINUE THE OPERATION OF A DIVISION OR DIVI-
52 SIONS OF THE TRANSFEROR ARE TRANSFERRED TO THE TAXPAYER IN A TRANSACTION
53 TO WHICH SECTION 351 OF SUCH CODE APPLIES, AND (II) STOCK OR SECURITIES
54 OF THE TAXPAYER HELD BY THE TRANSFEROR ARE DISTRIBUTED PURSUANT TO
55 SECTION 355 OF SUCH CODE.

(E) THE TERM "UNUSED CREDIT" SHALL MEAN THE AMOUNT OF CREDIT SHOWN AS CARRIED FORWARD TO THE TRANSACTION YEAR ON THE TRANSFEROR'S TAX RETURN FOR ITS TAXABLE YEAR IMMEDIATELY PRECEDING THE TRANSACTION YEAR WITH RESPECT TO THE PROPERTY DESCRIBED IN CLAUSE (A) OF THIS SUBPARAGRAPH.

(F) THE TERM "TRANSACTION YEAR" MEANS THE TAXABLE YEAR IN WHICH THE QUALIFIED TRANSACTION OCCURS.

(G) NOTWITHSTANDING ANY OTHER PROVISION OF LAW TO THE CONTRARY, IN THE CASE OF ALLOWANCE OF CREDIT PURSUANT TO THIS SUBPARAGRAPH TO A TAXPAYER THE COMMISSIONER SHALL HAVE THE AUTHORITY TO REVEAL TO THE TAXPAYER ANY INFORMATION, WITH RESPECT TO THE CREDIT OF THE TRANSFEROR, WHICH IS THE BASIS FOR THE DENIAL IN WHOLE OR IN PART OF THE CREDIT CLAIMED BY SUCH TAXPAYER.

(H) WHERE A CREDIT IS ALLOWED TO A TAXPAYER PURSUANT TO THIS SUBPARAGRAPH, THE TAXPAYER MAY TREAT THE AMOUNT OF SUCH CREDIT AS AN OVERPAYMENT OF TAX TO BE CREDITED OR REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF SECTION TEN HUNDRED EIGHTY-SIX OF THIS CHAPTER, PROVIDED, HOWEVER, THE PROVISIONS OF SUBSECTION (C) OF SECTION TEN HUNDRED EIGHTY-EIGHT OF THIS CHAPTER NOTWITHSTANDING, NO INTEREST SHALL BE PAID THEREON. SUCH CREDIT SHALL BE ALLOWED AGAINST THE TAX IMPOSED BY THIS ARTICLE WITH RESPECT TO THE SECOND SUCCEEDING TAXABLE YEAR NEXT FOLLOWING THE TRANSACTION YEAR, PROVIDED THAT NOT MORE THAN ONE-FOURTH OF THE AMOUNT OF SUCH CREDIT MAY BE APPLIED BY THE TAXPAYER, WHETHER TO REDUCE TAX OTHERWISE DUE OR TO BE TREATED AS AN OVERPAYMENT TO BE CREDITED OR REFUNDED, WITH RESPECT TO SUCH SECOND SUCCEEDING TAXABLE YEAR AND EACH OF THE NEXT THREE TAXABLE YEARS FOLLOWING SUCH SECOND SUCCEEDING TAXABLE YEAR.

(J) FOR PURPOSES OF PARAGRAPH (E) OF THIS SUBDIVISION, A NEW BUSINESS SHALL INCLUDE ANY CORPORATION, EXCEPT A CORPORATION WHICH:

(1) OVER FIFTY PERCENT OF THE NUMBER OF SHARES OF STOCK ENTITLING THE HOLDERS THEREOF TO VOTE FOR THE ELECTION OF DIRECTORS OR TRUSTEES IS OWNED OR CONTROLLED, EITHER DIRECTLY OR INDIRECTLY, BY A TAXPAYER SUBJECT TO TAX UNDER THIS ARTICLE; SECTION ONE HUNDRED EIGHTY-THREE, ONE HUNDRED EIGHTY-FOUR OR ONE HUNDRED EIGHTY-FIVE OF ARTICLE NINE; OR ARTICLE THIRTY-THREE OF THIS CHAPTER; OR

(2) IS SUBSTANTIALLY SIMILAR IN OPERATION AND IN OWNERSHIP TO A BUSINESS ENTITY (OR ENTITIES) TAXABLE, OR PREVIOUSLY TAXABLE, UNDER THIS ARTICLE; SECTION ONE HUNDRED EIGHTY-THREE, ONE HUNDRED EIGHTY-FOUR, FORMER SECTION ONE HUNDRED EIGHTY-FIVE OR FORMER SECTION ONE HUNDRED EIGHTY-SIX OF ARTICLE NINE; ARTICLE THIRTY-TWO OF THIS CHAPTER AS SUCH ARTICLE WAS IN EFFECT ON DECEMBER THIRTY-FIRST, TWO THOUSAND FOURTEEN; ARTICLE THIRTY-THREE OF THIS CHAPTER; ARTICLE TWENTY-THREE OF THIS CHAPTER OR WHICH WOULD HAVE BEEN SUBJECT TO TAX UNDER SUCH ARTICLE TWENTY-THREE (AS SUCH ARTICLE WAS IN EFFECT ON JANUARY FIRST, NINETEEN HUNDRED EIGHTY) OR THE INCOME (OR LOSSES) OF WHICH IS (OR WAS) INCLUDEABLE UNDER ARTICLE TWENTY-TWO OF THIS CHAPTER WHEREBY THE INTENT AND PURPOSE OF THIS PARAGRAPH AND PARAGRAPH (E) OF THIS SUBDIVISION WITH RESPECT TO REFUNDING OF CREDIT TO NEW BUSINESS WOULD BE EVADED; OR

(3) HAS BEEN SUBJECT TO TAX UNDER THIS ARTICLE OR FORMER ARTICLE THIRTY-TWO OF THIS CHAPTER FOR MORE THAN FIVE TAXABLE YEARS (EXCLUDING SHORT TAXABLE YEARS).

2. EMPLOYMENT INCENTIVE CREDIT (EIC). (A)(I) APPLICATION OF CREDIT. WHERE A TAXPAYER IS ALLOWED A CREDIT UNDER SUBDIVISION ONE OF THIS SECTION, OTHER THAN AT THE OPTIONAL RATE APPLICABLE TO RESEARCH AND DEVELOPMENT PROPERTY, THE TAXPAYER SHALL BE ALLOWED A CREDIT FOR EACH OF THE TWO YEARS NEXT SUCCEEDING THE TAXABLE YEAR FOR WHICH THE CREDIT UNDER SUCH SUBDIVISION ONE IS ALLOWED WITH RESPECT TO SUCH PROPERTY, WHETHER OR NOT DEDUCTIBLE IN SUCH TAXABLE YEAR OR IN SUBSEQUENT TAXABLE

1 YEARS PURSUANT TO PARAGRAPH (D) OF SUCH SUBDIVISION ONE. PROVIDED,
2 HOWEVER, THAT THE CREDIT ALLOWABLE UNDER THIS SUBDIVISION FOR ANY TAXA-
3 BLE YEAR SHALL BE ALLOWED ONLY IF THE AVERAGE NUMBER OF EMPLOYEES DURING
4 SUCH TAXABLE YEAR IS AT LEAST ONE HUNDRED ONE PERCENT OF THE AVERAGE
5 NUMBER OF EMPLOYEES DURING THE EMPLOYMENT BASE YEAR. THE EMPLOYMENT BASE
6 YEAR SHALL BE THE TAXABLE YEAR IMMEDIATELY PRECEDING THE TAXABLE YEAR
7 FOR WHICH THE CREDIT UNDER SUCH SUBDIVISION ONE IS ALLOWED EXCEPT THAT
8 IF THE TAXPAYER WAS NOT SUBJECT TO TAX AND DID NOT HAVE A TAXABLE YEAR
9 IMMEDIATELY PRECEDING THE TAXABLE YEAR FOR WHICH THE CREDIT UNDER SUCH
10 SUBDIVISION ONE OF THIS SECTION IS ALLOWED, THE EMPLOYMENT BASE YEAR
11 SHALL BE THE TAXABLE YEAR IN WHICH THE CREDIT UNDER SUCH SUBDIVISION ONE
12 IS ALLOWED.

13 (II) AMOUNT OF CREDIT. THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS
14 SUBDIVISION SHALL BE AS SET FORTH IN THE FOLLOWING TABLE:

15 AVERAGE NUMBER OF EMPLOYEES DURING THE	CREDIT ALLOWED UNDER THIS
16 TAXABLE YEAR EXPRESSED AS A PERCENTAGE	SUBDIVISION EXPRESSED AS A
17 OF AVERAGE EMPLOYEES IN EMPLOYMENT	PERCENTAGE OF THE APPLICABLE
18 BASE YEARS	INVESTMENT CREDIT BASIS
19 LESS THAN 102%	1.5%
20 AT LEAST 102% AND LESS THAN 103%	2%
21 AT LEAST 103%	2.5%

22 (B) AVERAGE NUMBER OF EMPLOYEES. THE AVERAGE NUMBER OF EMPLOYEES IN A
23 TAXABLE YEAR SHALL BE COMPUTED BY ASCERTAINING THE NUMBER OF EMPLOYEES
24 WITHIN THE STATE, EXCEPT GENERAL EXECUTIVE OFFICERS, EMPLOYED BY THE
25 TAXPAYER ON THE THIRTY-FIRST DAY OF MARCH, THE THIRTIETH DAY OF JUNE,
26 THE THIRTIETH DAY OF SEPTEMBER AND THE THIRTY-FIRST DAY OF DECEMBER IN
27 THE TAXABLE YEAR, BY ADDING TOGETHER THE NUMBER OF EMPLOYEES ASCERTAINED
28 ON EACH OF SUCH DATES AND DIVIDING THE SUM SO OBTAINED BY THE NUMBER OF
29 SUCH ABOVE MENTIONED DATES OCCURRING WITHIN THE TAXABLE YEAR. HOWEVER,
30 WITH RESPECT TO THE EMPLOYMENT BASE YEAR, THERE SHALL BE EXCLUDED THERE-
31 FROM ANY EMPLOYEE WITH RESPECT TO WHOM A CREDIT PROVIDED FOR UNDER
32 SUBDIVISION SIX OF THIS SECTION IS CLAIMED, FOR THE TAXABLE YEAR, BASED
33 ON EMPLOYMENT WITHIN A ZONE EQUIVALENT AREA DESIGNATED AS SUCH PURSUANT
34 TO ARTICLE EIGHTEEN-B OF THE GENERAL MUNICIPAL LAW.

35 (C) CARRYOVER. IN NO EVENT SHALL THE CREDIT HEREIN PROVIDED FOR BE
36 ALLOWED IN AN AMOUNT WHICH WILL REDUCE THE TAX PAYABLE TO LESS THAN THE
37 FIXED DOLLAR MINIMUM AMOUNT PRESCRIBED IN PARAGRAPH (D) OF SUBDIVISION
38 ONE OF SECTION TWO HUNDRED TEN OF THIS ARTICLE. HOWEVER, IF THE AMOUNT
39 OF CREDIT ALLOWABLE UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR REDUCES
40 THE TAX TO SUCH AMOUNT OR IF THE TAXPAYER OTHERWISE PAYS TAX BASED ON
41 THE FIXED DOLLAR MINIMUM AMOUNT, ANY AMOUNT OF CREDIT NOT DEDUCTIBLE IN
42 SUCH TAXABLE YEAR MAY BE CARRIED OVER TO THE FIFTEEN TAXABLE YEARS IMME-
43 DIATELY FOLLOWING SUCH TAXABLE YEAR AND MAY BE DEDUCTED FROM THE TAXPAY-
44 ER'S TAX FOR SUCH YEAR OR YEARS.

45 3. EMPIRE ZONE INVESTMENT TAX CREDIT (EZ-ITC). (A) A TAXPAYER SHALL BE
46 ALLOWED A CREDIT, TO BE COMPUTED AS HEREIN PROVIDED, AGAINST THE TAX
47 IMPOSED BY THIS ARTICLE IF THE TAXPAYER HAS BEEN CERTIFIED PURSUANT TO
48 ARTICLE EIGHTEEN-B OF THE GENERAL MUNICIPAL LAW. THE AMOUNT OF THE CRED-
49 IT SHALL BE TEN PERCENT OF THE COST OR OTHER BASIS FOR FEDERAL INCOME
50 TAX PURPOSES OF TANGIBLE PERSONAL PROPERTY AND OTHER TANGIBLE PROPERTY,
51 INCLUDING BUILDINGS AND STRUCTURAL COMPONENTS OF BUILDINGS, DESCRIBED IN
52 PARAGRAPH (B) OF THIS SUBDIVISION, WHICH IS LOCATED WITHIN AN EMPIRE
53 ZONE DESIGNATED AS SUCH PURSUANT TO ARTICLE EIGHTEEN-B OF SUCH LAW, BUT
54 ONLY IF THE ACQUISITION, CONSTRUCTION, RECONSTRUCTION OR ERECTION OF
55 SUCH PROPERTY OCCURRED OR WAS COMMENCED ON OR AFTER THE DATE OF SUCH
56 DESIGNATION AND PRIOR TO THE EXPIRATION THEREOF. PROVIDED, HOWEVER, THAT

1 IN THE CASE OF AN ACQUISITION, CONSTRUCTION, RECONSTRUCTION OR ERECTION
2 WHICH WAS COMMENCED DURING SUCH PERIOD AND CONTINUED OR COMPLETED SUBSE-
3 QUENTLY, SUCH CREDIT SHALL BE TEN PERCENT OF THE PORTION OF THE COST OR
4 OTHER BASIS FOR FEDERAL INCOME TAX PURPOSES ATTRIBUTABLE TO SUCH PERIOD,
5 WHICH PORTION SHALL BE ASCERTAINED BY MULTIPLYING SUCH COST OR BASIS BY
6 A FRACTION THE NUMERATOR OF WHICH SHALL BE THE EXPENDITURES PAID OR
7 INCURRED DURING SUCH PERIOD FOR SUCH PURPOSES AND THE DENOMINATOR OF
8 WHICH SHALL BE THE TOTAL OF ALL EXPENDITURES PAID OR INCURRED FOR SUCH
9 ACQUISITION, CONSTRUCTION, RECONSTRUCTION OR ERECTION.

10 (B) QUALIFIED PROPERTY. A CREDIT SHALL BE ALLOWED UNDER THIS SUBDIVI-
11 SION WITH RESPECT TO TANGIBLE PERSONAL PROPERTY AND OTHER TANGIBLE PROP-
12 erty, INCLUDING BUILDINGS AND STRUCTURAL COMPONENTS OF BUILDINGS, WHICH

13 (I) ARE DEPRECIABLE PURSUANT TO SECTION ONE HUNDRED SIXTY-SEVEN OF THE
14 INTERNAL REVENUE CODE,

15 (II) HAVE A USEFUL LIFE OF FOUR YEARS OR MORE,

16 (III) ARE ACQUIRED BY PURCHASE AS DEFINED IN SECTION ONE HUNDRED
17 SEVENTY-NINE (D) OF THE INTERNAL REVENUE CODE,

18 (IV) HAVE A SITUS IN AN EMPIRE ZONE DESIGNATED AS SUCH PURSUANT TO
19 ARTICLE EIGHTEEN-B OF THE GENERAL MUNICIPAL LAW, AND

20 (V) ARE (A) PRINCIPALLY USED BY THE TAXPAYER IN THE PRODUCTION OF
21 GOODS BY MANUFACTURING, PROCESSING, ASSEMBLING, REFINING, MINING,
22 EXTRACTING, FARMING, AGRICULTURE, HORTICULTURE, FLORICULTURE, VITICUL-
23 TURE OR COMMERCIAL FISHING,

24 (B) INDUSTRIAL WASTE TREATMENT FACILITIES OR AIR POLLUTION CONTROL
25 FACILITIES USED IN THE TAXPAYER'S TRADE OR BUSINESS,

26 (C) RESEARCH AND DEVELOPMENT PROPERTY,

27 (D) PRINCIPALLY USED IN THE ORDINARY COURSE OF THE TAXPAYER'S TRADE OR
28 BUSINESS AS A BROKER OR DEALER IN CONNECTION WITH THE PURCHASE OR SALE
29 (WHICH SHALL INCLUDE BUT NOT BE LIMITED TO THE ISSUANCE, ENTERING INTO,
30 ASSUMPTION, OFFSET, ASSIGNMENT, TERMINATION, OR TRANSFER) OF STOCKS,
31 BONDS OR OTHER SECURITIES AS DEFINED IN SECTION FOUR HUNDRED
32 SEVENTY-FIVE (C)(2) OF THE INTERNAL REVENUE CODE, OR OF COMMODITIES AS
33 DEFINED IN SECTION FOUR HUNDRED SEVENTY-FIVE (E) OF THE INTERNAL REVENUE
34 CODE,

35 (E) PRINCIPALLY USED IN THE ORDINARY COURSE OF THE TAXPAYER'S TRADE OR
36 BUSINESS OF PROVIDING INVESTMENT ADVISORY SERVICES FOR A REGULATED
37 INVESTMENT COMPANY AS DEFINED IN SECTION EIGHT HUNDRED FIFTY-ONE OF THE
38 INTERNAL REVENUE CODE, OR LENDING, LOAN ARRANGEMENT, OR LOAN ORIGINATION
39 SERVICES TO CUSTOMERS IN CONNECTION WITH THE PURCHASE OR SALE (WHICH
40 SHALL INCLUDE BUT NOT BE LIMITED TO THE ISSUANCE, ENTERING INTO, ASSUMP-
41 TION, OFFSET, ASSIGNMENT, TERMINATION OR TRANSFER) OF SECURITIES AS
42 DEFINED IN SECTION FOUR HUNDRED SEVENTY-FIVE (C)(2) OF THE INTERNAL
43 REVENUE CODE,

44 (E-1) PRINCIPALLY USED IN THE ORDINARY COURSE OF THE TAXPAYER'S TRADE
45 OR BUSINESS OF PROVIDING INVESTMENT ADVISORY SERVICES OR THE SERVICE OF
46 MANAGING INVESTMENT PORTFOLIOS TO ACHIEVE SPECIFIC INVESTMENT OBJECTIVES
47 FOR ACCOUNTS OVER ONE MILLION DOLLARS OF ACCREDITED INVESTORS (AS THAT
48 TERM IS DEFINED IN RULE 501 OF REGULATION D OF THE SECURITIES ACT OF
49 1933), IF THE TAXPAYER SATISFIES THE FOLLOWING CRITERIA:

50 (I) THE TAXPAYER IS A REGULATED BROKER OR DEALER OR AN AFFILIATE OF A
51 REGULATED BROKER OR DEALER,

52 (II) THE TAXPAYER IS REGISTERED AS AN INVESTMENT ADVISER UNDER SECTION
53 TWO HUNDRED THREE OF THE INVESTMENT ADVISERS ACT OF 1940, AS AMENDED,
54 AND

1 (III) AT LEAST ONE CLIENT OF THE TAXPAYER IS A REGULATED INVESTMENT
2 COMPANY AS DEFINED IN SECTION EIGHT HUNDRED FIFTY-ONE OF THE INTERNAL
3 REVENUE CODE THAT HAS ASSETS OF ONE HUNDRED MILLION DOLLARS, OR

4 (F) PRINCIPALLY USED IN THE ORDINARY COURSE OF THE TAXPAYER'S BUSINESS
5 AS AN EXCHANGE REGISTERED AS A NATIONAL SECURITIES EXCHANGE WITHIN THE
6 MEANING OF SECTIONS 3(A)(1) AND 6(A) OF THE SECURITIES EXCHANGE ACT OF
7 1934 OR A BOARD OF TRADE AS DEFINED IN SUBDIVISION ONE OF PARAGRAPH (A)
8 OF SECTION FOURTEEN HUNDRED TEN OF THE NOT-FOR-PROFIT CORPORATION LAW OR
9 AS AN ENTITY THAT IS WHOLLY OWNED BY ONE OR MORE SUCH NATIONAL SECURI-
10 TIES EXCHANGES OR BOARDS OR TRADE AND THAT PROVIDES AUTOMATION OR TECH-
11 NICAL SERVICES THERETO.

12 (VI) FOR PURPOSES OF CLAUSES (D), (E), (E-1) AND (F) OF SUBPARAGRAPH
13 (V) OF THIS PARAGRAPH, PROPERTY PURCHASED BY A TAXPAYER AFFILIATED WITH
14 A REGULATED BROKER, DEALER, REGISTERED INVESTMENT ADVISER, NATIONAL
15 SECURITIES EXCHANGE OR BOARD OF TRADE IS ALLOWED A CREDIT UNDER THIS
16 SUBDIVISION IF THE PROPERTY IS USED BY ITS AFFILIATED REGULATED BROKER,
17 DEALER, REGISTERED INVESTMENT ADVISER OR NATIONAL SECURITIES EXCHANGE OR
18 BOARD OF TRADE IN ACCORDANCE WITH THIS SUBDIVISION. FOR PURPOSES OF
19 DETERMINING IF THE PROPERTY IS PRINCIPALLY USED IN QUALIFYING USES, THE
20 USES BY THE TAXPAYER DESCRIBED IN CLAUSES (D), (E) AND (E-1) OF SUBPARA-
21 GRAPH (V) OF THIS PARAGRAPH MAY BE AGGREGATED. IN ADDITION, THE USES BY
22 THE TAXPAYER, ITS AFFILIATED REGULATED BROKER, DEALER AND REGISTERED
23 INVESTMENT ADVISER UNDER ANY OF THOSE CLAUSES MAY BE AGGREGATED.
24 PROVIDED, HOWEVER, A TAXPAYER SHALL NOT BE ALLOWED THE CREDIT PROVIDED
25 BY CLAUSES (D), (E), (E-1) AND (F) OF SUBPARAGRAPH (V) OF THIS PARAGRAPH
26 UNLESS

27 (I) EIGHTY PERCENT OR MORE OF THE EMPLOYEES PERFORMING THE ADMINISTRA-
28 TIVE AND SUPPORT FUNCTIONS RESULTING FROM OR RELATED TO THE QUALIFYING
29 USES OF SUCH EQUIPMENT ARE LOCATED IN THIS STATE, OR

30 (II) THE AVERAGE NUMBER OF EMPLOYEES THAT PERFORM THE ADMINISTRATIVE
31 AND SUPPORT FUNCTIONS RESULTING FROM OR RELATED TO THE QUALIFYING USES
32 OF SUCH EQUIPMENT AND ARE LOCATED IN THIS STATE DURING THE TAXABLE YEAR
33 FOR WHICH THE CREDIT IS CLAIMED IS EQUAL TO OR GREATER THAN NINETY-FIVE
34 PERCENT OF THE AVERAGE NUMBER OF EMPLOYEES THAT PERFORM THESE FUNCTIONS
35 AND ARE LOCATED IN THIS STATE DURING THE THIRTY-SIX MONTHS IMMEDIATELY
36 PRECEDING THE YEAR FOR WHICH THE CREDIT IS CLAIMED, OR

37 (III) THE NUMBER OF EMPLOYEES LOCATED IN THIS STATE DURING THE TAXABLE
38 YEAR FOR WHICH THE CREDIT IS CLAIMED IS EQUAL TO OR GREATER THAN NINETY
39 PERCENT OF THE NUMBER OF EMPLOYEES LOCATED IN THIS STATE ON DECEMBER
40 THIRTY-FIRST, NINETEEN HUNDRED NINETY-EIGHT OR, IF THE TAXPAYER WAS NOT
41 A CALENDAR YEAR TAXPAYER IN NINETEEN HUNDRED NINETY-EIGHT, THE LAST DAY
42 OF ITS FIRST TAXABLE YEAR ENDING AFTER DECEMBER THIRTY-FIRST, NINETEEN
43 HUNDRED NINETY-EIGHT. IF THE TAXPAYER BECOMES SUBJECT TO TAX IN THIS
44 STATE AFTER THE TAXABLE YEAR BEGINNING IN NINETEEN HUNDRED NINETY-EIGHT,
45 THEN THE TAXPAYER IS NOT REQUIRED TO SATISFY THE EMPLOYMENT TEST
46 PROVIDED IN THE PRECEDING SENTENCE OF THIS SUBPARAGRAPH FOR ITS FIRST
47 TAXABLE YEAR.

48 (VII) FOR THE PURPOSES OF CLAUSE (III) OF SUBPARAGRAPH (VI) OF THIS
49 PARAGRAPH THE EMPLOYMENT TEST WILL BE BASED ON THE NUMBER OF EMPLOYEES
50 LOCATED IN THIS STATE ON THE LAST DAY OF THE FIRST TAXABLE YEAR THE
51 TAXPAYER IS SUBJECT TO TAX IN THIS STATE. IF THE USES OF THE PROPERTY
52 MUST BE AGGREGATED TO DETERMINE WHETHER THE PROPERTY IS PRINCIPALLY USED
53 IN QUALIFYING USES, THEN EITHER EACH AFFILIATE USING THE PROPERTY MUST
54 SATISFY THIS EMPLOYMENT TEST OR THIS EMPLOYMENT TEST MUST BE SATISFIED
55 THROUGH THE AGGREGATION OF THE EMPLOYEES OF THE TAXPAYER, ITS AFFILIATED

1 REGULATED BROKER, DEALER, AND REGISTERED INVESTMENT ADVISER USING THE
2 PROPERTY.

3 (VIII) FOR THE PURPOSE OF THIS SUBDIVISION, THE TERM "GOODS" SHALL NOT
4 INCLUDE ELECTRICITY.

5 (IX) FOR PURPOSES OF THIS SUBDIVISION, "MANUFACTURING" SHALL MEAN THE
6 PROCESS OF WORKING RAW MATERIALS INTO WARES SUITABLE FOR USE OR WHICH
7 GIVES NEW SHAPES, NEW QUALITY OR NEW COMBINATIONS TO MATTER WHICH
8 ALREADY HAS GONE THROUGH SOME ARTIFICIAL PROCESS BY THE USE OF MACHIN-
9 ERY, TOOLS, APPLIANCES AND OTHER SIMILAR EQUIPMENT. PROPERTY USED IN THE
10 PRODUCTION OF GOODS SHALL INCLUDE MACHINERY, EQUIPMENT OR OTHER TANGIBLE
11 PROPERTY WHICH IS PRINCIPALLY USED IN THE REPAIR AND SERVICE OF OTHER
12 MACHINERY, EQUIPMENT OR OTHER TANGIBLE PROPERTY USED PRINCIPALLY IN THE
13 PRODUCTION OF GOODS AND SHALL INCLUDE ALL FACILITIES USED IN THE
14 PRODUCTION OPERATION, INCLUDING STORAGE OF MATERIAL TO BE USED IN
15 PRODUCTION AND OF THE PRODUCTS THAT ARE PRODUCED. FOR PURPOSES OF THIS
16 SUBDIVISION, THE TERMS "RESEARCH AND DEVELOPMENT PROPERTY", "INDUSTRIAL
17 WASTE TREATMENT FACILITIES", AND "AIR POLLUTION CONTROL FACILITIES"
18 SHALL HAVE THE MEANINGS ASCRIBED THERETO BY CLAUSES (B), (C) AND (D),
19 RESPECTIVELY, OF SUBPARAGRAPH (IV) OF PARAGRAPH (B) OF SUBDIVISION ONE
20 OF THIS SECTION, AND THE PROVISIONS OF SUBPARAGRAPH (V) OF SUCH PARA-
21 GRAPH (B) SHALL APPLY.

22 (C) NONQUALIFIED PROPERTY. A TAXPAYER SHALL NOT BE ALLOWED A CREDIT
23 UNDER THIS SUBDIVISION WITH RESPECT TO ANY TANGIBLE PERSONAL PROPERTY
24 AND OTHER TANGIBLE PROPERTY, INCLUDING BUILDINGS AND STRUCTURAL COMPO-
25 NENTS OF BUILDINGS, WHICH IT LEASES TO ANY OTHER PERSON OR CORPORATION
26 EXCEPT WHERE A TAXPAYER LEASES PROPERTY TO AN AFFILIATED REGULATED
27 BROKER, DEALER, REGISTERED INVESTMENT ADVISER, NATIONAL SECURITIES
28 EXCHANGE OR BOARD OF TRADE OR OTHER ENTITY DESCRIBED IN CLAUSE (F) OF
29 SUBPARAGRAPH (V) OF PARAGRAPH (B) OF THIS SUBDIVISION THAT USES SUCH
30 PROPERTY IN ACCORDANCE WITH CLAUSE (D), (E), (E-1) OR (F) OF SUBPARA-
31 GRAPH (V) OF PARAGRAPH (B) OF THIS SUBDIVISION. FOR PURPOSES OF THE
32 PRECEDING SENTENCE, ANY CONTRACT OR AGREEMENT TO LEASE OR RENT OR FOR A
33 LICENSE TO USE SUCH PROPERTY SHALL BE CONSIDERED A LEASE. PROVIDED,
34 HOWEVER, IN DETERMINING WHETHER A TAXPAYER SHALL BE ALLOWED A CREDIT
35 UNDER THIS SUBDIVISION WITH RESPECT TO SUCH PROPERTY, ANY ELECTION MADE
36 WITH RESPECT TO SUCH PROPERTY PURSUANT TO THE PROVISIONS OF PARAGRAPH
37 EIGHT OF SUBSECTION (F) OF SECTION ONE HUNDRED SIXTY-EIGHT OF THE INTER-
38 NATIONAL REVENUE CODE, AS SUCH PARAGRAPH WAS IN EFFECT FOR AGREEMENTS ENTERED
39 INTO PRIOR TO JANUARY FIRST, NINETEEN HUNDRED EIGHTY-FOUR, SHALL BE
40 DISREGARDED.

41 (D) CARRYOVER. THE CREDIT ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXA-
42 BLE YEAR SHALL NOT REDUCE THE TAX DUE FOR SUCH YEAR TO LESS THAN THE
43 FIXED DOLLAR MINIMUM AMOUNT PRESCRIBED IN PARAGRAPH (D) OF SUBDIVISION
44 ONE OF SECTION TWO HUNDRED TEN OF THIS ARTICLE. PROVIDED, HOWEVER, THAT
45 IF THE AMOUNT OF CREDIT ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXABLE
46 YEAR REDUCES THE TAX TO SUCH AMOUNT OR IF THE TAXPAYER OTHERWISE PAYS
47 TAX BASED ON THE FIXED DOLLAR MINIMUM AMOUNT, ANY AMOUNT OF CREDIT NOT
48 DEDUCTIBLE IN SUCH TAXABLE YEAR MAY BE CARRIED OVER TO THE FOLLOWING
49 YEAR OR YEARS AND MAY BE DEDUCTED FROM THE TAXPAYER'S TAX FOR SUCH YEAR
50 OR YEARS. IN LIEU OF SUCH CARRYOVER, ANY SUCH TAXPAYER WHICH QUALIFIES
51 AS A NEW BUSINESS UNDER PARAGRAPH (F) OF SUBDIVISION ONE OF THIS SECTION
52 MAY ELECT, ON ITS REPORT FOR ITS TAXABLE YEAR WITH RESPECT TO WHICH SUCH
53 CREDIT IS ALLOWED, TO TREAT FIFTY PERCENT OF THE AMOUNT OF SUCH CARRY-
54 OVER AS AN OVERPAYMENT OF TAX TO BE CREDITED OR REFUNDED IN ACCORDANCE
55 WITH THE PROVISIONS OF SECTION ONE THOUSAND EIGHTY-SIX OF THIS CHAPTER.
56 IN ADDITION, ANY TAXPAYER WHICH IS APPROVED AS THE OWNER OF A QUALIFIED

1 INVESTMENT PROJECT OR A SIGNIFICANT CAPITAL INVESTMENT PROJECT PURSUANT
2 TO SUBDIVISION (W) OF SECTION NINE HUNDRED FIFTY-NINE OF THE GENERAL
3 MUNICIPAL LAW, ON ITS REPORT FOR ITS TAXABLE YEAR WITH RESPECT TO WHICH
4 SUCH CREDIT IS ALLOWED, IN LIEU OF SUCH CARRYOVER, MAY ELECT TO TREAT
5 FIFTY PERCENT OF THE AMOUNT OF SUCH CARRYOVER WHICH IS ATTRIBUTABLE TO
6 THE CREDIT ALLOWED UNDER THIS SUBDIVISION FOR PROPERTY WHICH IS PART OF
7 SUCH PROJECT AS AN OVERPAYMENT OF TAX TO BE CREDITED OR REFUNDED IN
8 ACCORDANCE WITH THE PROVISIONS OF SECTION ONE THOUSAND EIGHTY-SIX OF
9 THIS CHAPTER. PROVIDED, HOWEVER, SUCH OWNER SHALL BE ALLOWED SUCH REFUND
10 FOR A MAXIMUM OF TEN TAXABLE YEARS WITH RESPECT TO SUCH QUALIFIED
11 INVESTMENT PROJECT AND EACH SIGNIFICANT CAPITAL INVESTMENT PROJECT,
12 STARTING WITH THE FIRST TAXABLE YEAR IN WHICH PROPERTY COMPRISING SUCH
13 PROJECT IS PLACED IN SERVICE. PROVIDED, FURTHER, HOWEVER, THE PROVISIONS
14 OF SUBSECTION (C) OF SECTION ONE THOUSAND EIGHTY-EIGHT OF THIS CHAPTER
15 NOTWITHSTANDING, NO INTEREST SHALL BE PAID THEREON.

16 (D-1) ANY CARRYOVER OF A CREDIT FROM PRIOR TAXABLE YEARS WILL NOT BE
17 ALLOWED IF AN EMPIRE ZONE RETENTION CERTIFICATE IS NOT ISSUED PURSUANT
18 TO SUBDIVISION (W) OF SECTION NINE HUNDRED FIFTY-NINE OF THE GENERAL
19 MUNICIPAL LAW TO THE EMPIRE ZONE ENTERPRISE WHICH IS THE BASIS OF THE
20 CREDIT.

21 (E) AT THE OPTION OF THE TAXPAYER, THE TAXPAYER MAY CHOOSE TO CLAIM
22 THE CREDIT DESCRIBED IN PARAGRAPH (A) OF THIS SUBDIVISION FOR PROPERTY
23 WHICH ALSO QUALIFIES FOR THE CREDIT PROVIDED UNDER SUBDIVISION ONE OF
24 THIS SECTION. A TAXPAYER SHALL NOT BE ALLOWED A CREDIT UNDER THIS SUBDI-
25 VISION WITH RESPECT TO ANY PROPERTY DESCRIBED IN PARAGRAPH (A) OF THIS
26 SUBDIVISION IF A CREDIT IS TAKEN PURSUANT TO SUBDIVISION ONE OF THIS
27 SECTION.

28 (F) RECAPTURE. (I) WITH RESPECT TO PROPERTY WHICH IS DEPRECIABLE
29 PURSUANT TO SECTION ONE HUNDRED SIXTY-SEVEN OF THE INTERNAL REVENUE CODE
30 BUT IS NOT SUBJECT TO THE PROVISIONS OF SECTION ONE HUNDRED SIXTY-EIGHT
31 OF SUCH CODE AND WHICH IS DISPOSED OF OR CEASES TO BE IN QUALIFIED USE
32 PRIOR TO THE END OF THE TAXABLE YEAR IN WHICH THE CREDIT IS TO BE TAKEN,
33 THE AMOUNT OF THE CREDIT SHALL BE THAT PORTION OF THE CREDIT PROVIDED
34 FOR IN THIS SUBDIVISION WHICH REPRESENTS THE RATIO WHICH THE MONTHS OF
35 QUALIFIED USE BEAR TO THE MONTHS OF USEFUL LIFE. IF PROPERTY ON WHICH
36 CREDIT HAS BEEN TAKEN IS DISPOSED OF OR CEASES TO BE IN QUALIFIED USE
37 PRIOR TO THE END OF ITS USEFUL LIFE, THE DIFFERENCE BETWEEN THE CREDIT
38 TAKEN AND THE CREDIT ALLOWED FOR ACTUAL USE MUST BE ADDED BACK IN THE
39 YEAR OF DISPOSITION. PROVIDED, HOWEVER, IF SUCH PROPERTY IS DISPOSED OF
40 OR CEASES TO BE IN QUALIFIED USE AFTER IT HAS BEEN IN QUALIFIED USE FOR
41 MORE THAN TWELVE CONSECUTIVE YEARS, IT SHALL NOT BE NECESSARY TO ADD
42 BACK THE CREDIT AS PROVIDED IN THIS SUBPARAGRAPH. THE AMOUNT OF CREDIT
43 ALLOWED FOR ACTUAL USE SHALL BE DETERMINED BY MULTIPLYING THE ORIGINAL
44 CREDIT BY THE RATIO WHICH THE MONTHS OF QUALIFIED USE BEAR TO THE MONTHS
45 OF USEFUL LIFE. FOR PURPOSES OF THIS SUBPARAGRAPH, USEFUL LIFE OF PROP-
46 erty SHALL BE THE SAME AS THE TAXPAYER USES FOR DEPRECIATION PURPOSES
47 WHEN COMPUTING HIS FEDERAL INCOME TAX LIABILITY.

48 (II) EXCEPT WITH RESPECT TO THAT PROPERTY TO WHICH SUBPARAGRAPH (IV)
49 OF THIS PARAGRAPH APPLIES, WITH RESPECT TO THREE-YEAR PROPERTY, AS
50 DEFINED IN SUBSECTION (E) OF SECTION ONE HUNDRED SIXTY-EIGHT OF THE
51 INTERNAL REVENUE CODE, WHICH IS DISPOSED OF OR CEASES TO BE IN QUALIFIED
52 USE PRIOR TO THE END OF THE TAXABLE YEAR IN WHICH THE CREDIT IS TO BE
53 TAKEN, THE AMOUNT OF THE CREDIT SHALL BE THAT PORTION OF THE CREDIT
54 PROVIDED FOR IN THIS SUBDIVISION WHICH REPRESENTS THE RATIO WHICH THE
55 MONTHS OF QUALIFIED USE BEAR TO THIRTY-SIX. IF PROPERTY ON WHICH CREDIT
56 HAS BEEN TAKEN IS DISPOSED OF OR CEASES TO BE IN QUALIFIED USE PRIOR TO

1 THE END OF THIRTY-SIX MONTHS, THE DIFFERENCE BETWEEN THE CREDIT TAKEN
2 AND THE CREDIT ALLOWED FOR ACTUAL USE MUST BE ADDED BACK IN THE YEAR OF
3 DISPOSITION. THE AMOUNT OF CREDIT ALLOWED FOR ACTUAL USE SHALL BE DETER-
4 MINED BY MULTIPLYING THE ORIGINAL CREDIT BY THE RATIO WHICH THE MONTHS
5 OF QUALIFIED USE BEAR TO THIRTY-SIX.

6 (III) EXCEPT WITH RESPECT TO THAT PROPERTY TO WHICH SUBPARAGRAPH (IV)
7 OF THIS PARAGRAPH APPLIES, WITH RESPECT TO PROPERTY SUBJECT TO THE
8 PROVISIONS OF SECTION ONE HUNDRED SIXTY-EIGHT OF THE INTERNAL REVENUE
9 CODE OTHER THAN THREE-YEAR PROPERTY AS DEFINED IN SUBSECTION (E) OF SUCH
10 SECTION ONE HUNDRED SIXTY-EIGHT WHICH IS DISPOSED OF OR CEASES TO BE IN
11 QUALIFIED USE PRIOR TO THE END OF THE TAXABLE YEAR IN WHICH THE CREDIT
12 IS TO BE TAKEN, THE AMOUNT OF THE CREDIT SHALL BE THAT PORTION OF THE
13 CREDIT PROVIDED FOR IN THIS SUBDIVISION WHICH REPRESENTS THE RATIO WHICH
14 THE MONTHS OF QUALIFIED USE BEAR TO SIXTY. IF PROPERTY ON WHICH CREDIT
15 HAS BEEN TAKEN IS DISPOSED OF OR CEASES TO BE IN QUALIFIED USE PRIOR TO
16 THE END OF SIXTY MONTHS, THE DIFFERENCE BETWEEN THE CREDIT TAKEN AND THE
17 CREDIT ALLOWED FOR ACTUAL USE MUST BE ADDED BACK IN THE YEAR OF DISPOSI-
18 TION. THE AMOUNT OF CREDIT ALLOWED FOR ACTUAL USE SHALL BE DETERMINED BY
19 MULTIPLYING THE ORIGINAL CREDIT BY THE RATIO WHICH THE MONTHS OF QUALI-
20 FIED USE BEAR TO SIXTY.

21 (IV) WITH RESPECT TO ANY PROPERTY TO WHICH SECTION ONE HUNDRED SIXTY-
22 EIGHT OF THE INTERNAL REVENUE CODE APPLIES, WHICH IS A BUILDING OR A
23 STRUCTURAL COMPONENT OF A BUILDING AND WHICH IS DISPOSED OF OR CEASES TO
24 BE IN QUALIFIED USE PRIOR TO THE END OF THE TAXABLE YEAR IN WHICH THE
25 CREDIT IS TO BE TAKEN, THE AMOUNT OF THE CREDIT SHALL BE THAT PORTION OF
26 THE CREDIT PROVIDED FOR IN THIS SUBDIVISION WHICH REPRESENTS THE RATIO
27 WHICH THE MONTHS OF QUALIFIED USE BEAR TO THE TOTAL NUMBER OF MONTHS
28 OVER WHICH THE TAXPAYER CHOOSES TO DEDUCT THE PROPERTY UNDER THE INTER-
29 NAL REVENUE CODE. IF PROPERTY ON WHICH CREDIT HAS BEEN TAKEN IS DISPOSED
30 OF OR CEASES TO BE IN QUALIFIED USE PRIOR TO THE END OF THE PERIOD OVER
31 WHICH THE TAXPAYER CHOOSES TO DEDUCT THE PROPERTY UNDER THE INTERNAL
32 REVENUE CODE, THE DIFFERENCE BETWEEN THE CREDIT TAKEN AND THE CREDIT
33 ALLOWED FOR ACTUAL USE MUST BE ADDED BACK IN THE YEAR OF DISPOSITION.
34 PROVIDED, HOWEVER, IF SUCH PROPERTY IS DISPOSED OF OR CEASES TO BE IN
35 QUALIFIED USE AFTER IT HAS BEEN IN QUALIFIED USE FOR MORE THAN TWELVE
36 CONSECUTIVE YEARS, IT SHALL NOT BE NECESSARY TO ADD BACK THE CREDIT AS
37 PROVIDED IN THIS SUBPARAGRAPH. THE AMOUNT OF CREDIT ALLOWED FOR ACTUAL
38 USE SHALL BE DETERMINED BY MULTIPLYING THE ORIGINAL CREDIT BY THE RATIO
39 WHICH THE MONTHS OF QUALIFIED USE BEAR TO THE TOTAL NUMBER OF MONTHS
40 OVER WHICH THE TAXPAYER CHOOSES TO DEDUCT THE PROPERTY UNDER THE INTER-
41 NAL REVENUE CODE.

42 (V) FOR PURPOSES OF THIS PARAGRAPH, DISPOSAL OR CESSATION OF QUALIFIED
43 USE SHALL NOT BE DEEMED TO HAVE OCCURRED SOLELY BY REASON OF THE TERMI-
44 NATION OR EXPIRATION OF AN EMPIRE ZONE'S DESIGNATION AS SUCH.

45 (VI)(A) FOR PURPOSES OF THIS PARAGRAPH, THE DECERTIFICATION OF A BUSI-
46 NESS ENTERPRISE WITH RESPECT TO AN EMPIRE ZONE SHALL CONSTITUTE A
47 DISPOSAL OR CESSATION OF QUALIFIED USE OF THE PROPERTY ON WHICH THE
48 CREDIT WAS TAKEN WHICH IS LOCATED IN THE ZONE TO WHICH THE DECERTIFI-
49 CATION APPLIES, ON THE EFFECTIVE DATE OF SUCH DECERTIFICATION.

50 (B) WHERE A BUSINESS ENTERPRISE HAS BEEN DECERTIFIED BASED ON A FIND-
51 ING PURSUANT TO CLAUSE ONE, TWO, OR FIVE OF SUBDIVISION (A) OF SECTION
52 NINE HUNDRED FIFTY-NINE OF THE GENERAL MUNICIPAL LAW, THE AMOUNT
53 REQUIRED TO BE ADDED BACK BY REASON OF THIS PARAGRAPH SHALL BE (I) THE
54 AMOUNT OF CREDIT, WITH RESPECT TO THE PROPERTY WHICH IS DISPOSED OF OR
55 CEASES TO BE IN QUALIFIED USE, WHICH WAS DEDUCTED FROM THE TAXPAYER'S
56 TAX OTHERWISE DUE UNDER THIS ARTICLE FOR ALL PRIOR TAXABLE YEARS,

REDUCED (BUT NOT BELOW ZERO) BY (II) THE CREDIT ALLOWED FOR ACTUAL USE. FOR PURPOSES OF THIS SUBPARAGRAPH, THE ATTRIBUTION TO SPECIFIC PROPERTY OF CREDIT AMOUNTS DEDUCTED FROM TAX SHALL BE ESTABLISHED IN ACCORDANCE WITH THE DATE OF PLACEMENT IN SERVICE OF SUCH PROPERTY IN THE EMPIRE ZONE.

(C) IN NO EVENT SHALL THE AMOUNT OF THE CREDIT ALLOWED PURSUANT TO THIS SUBDIVISION BE RENDERED, SOLELY BY REASON OF CLAUSE (A) OF THIS SUBPARAGRAPH, LESS THAN THE AMOUNT OF THE CREDIT TO WHICH THE TAXPAYER WOULD OTHERWISE BE ENTITLED UNDER SUBDIVISION ONE OF THIS SECTION.

(D) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SUBDIVISION, IN THE CASE OF A BUSINESS ENTERPRISE WHICH HAS BEEN DECERTIFIED, ANY AMOUNT OF CREDIT ALLOWED WITH RESPECT TO THE PROPERTY OF SUCH BUSINESS ENTERPRISE LOCATED IN THE ZONE TO WHICH THE DECERTIFICATION APPLIES WHICH IS CARRIED OVER PURSUANT TO PARAGRAPH (D) OF THIS SUBDIVISION SHALL NOT BE CARRIED OVER BEYOND THE SEVENTH TAXABLE YEAR NEXT FOLLOWING THE TAXABLE YEAR WITH RESPECT TO WHICH THE CREDIT PROVIDED FOR IN THIS SUBDIVISION WAS ALLOWED.

(VII) FOR PURPOSES OF THIS PARAGRAPH, WHERE A CREDIT IS ALLOWED WITH RESPECT TO AN AIR POLLUTION CONTROL FACILITY ON THE BASIS OF A CERTIFICATE OF COMPLIANCE ISSUED PURSUANT TO THE ENVIRONMENTAL CONSERVATION LAW AND THE CERTIFICATE IS REVOKED PURSUANT TO SUBDIVISION THREE OF SECTION 19-0309 OF THE ENVIRONMENTAL CONSERVATION LAW, SUCH REVOCATION SHALL CONSTITUTE A DISPOSAL OR CESSATION OF QUALIFIED USE, EXCEPT WITH RESPECT TO PROPERTY CONTAINED IN OR COMPRISING SUCH FACILITY WHICH IS DESCRIBED IN CLAUSE (A), (B), OR (C) OF SUBPARAGRAPH (V) OF PARAGRAPH (B) OF THIS SUBDIVISION OTHER THAN AS PART OF OR COMPRISING AN AIR POLLUTION CONTROL FACILITY. ALSO FOR PURPOSES OF THIS PARAGRAPH, THE USE OF AN AIR POLLUTION CONTROL FACILITY OR AN INDUSTRIAL WASTE TREATMENT FACILITY FOR THE PRIMARY PURPOSE OF SALVAGING MATERIALS WHICH ARE USABLE IN THE MANUFACTURING PROCESS OR ARE MARKETABLE SHALL CONSTITUTE A CESSATION OF QUALIFIED USE, EXCEPT WITH RESPECT TO PROPERTY CONTAINED IN OR COMPRISING SUCH FACILITY WHICH IS DESCRIBED IN CLAUSE (A) OR (C) OF SUBPARAGRAPH (V) OF PARAGRAPH (B) OF THIS SUBDIVISION.

(VIII) EXCEPT AS PROVIDED IN THIS SUBPARAGRAPH, THIS PARAGRAPH SHALL NOT APPLY TO A CREDIT ALLOWED BY THIS SUBDIVISION TO A TAXPAYER THAT IS A PARTNER IN A PARTNERSHIP IN THE CASE OF MANUFACTURING PROPERTY; PROVIDED, AT THE TIME SUCH PROPERTY WAS PLACED IN SERVICE BY SUCH PARTNERSHIP IN AN EMPIRE ZONE THE BASIS FOR FEDERAL INCOME TAX PURPOSES FOR SUCH PROPERTY (OR A PROJECT THAT INCLUDES SUCH PROPERTY) EQUALED OR EXCEEDED THREE HUNDRED MILLION DOLLARS AND SUCH PARTNER OWNED ITS PARTNERSHIP INTEREST FOR AT LEAST THREE YEARS FROM THE DATE SUCH PROPERTY WAS PLACED IN SERVICE. IF SUCH PROPERTY CEASES TO BE IN QUALIFIED USE AFTER IT IS PLACED IN SERVICE, THIS PARAGRAPH SHALL APPLY TO SUCH PARTNER IN THE YEAR SUCH PROPERTY CEASES TO BE IN QUALIFYING USE.

(IX) IF A TAXPAYER, WHICH IS APPROVED BY THE COMMISSIONER OF ECONOMIC DEVELOPMENT AS THE OWNER OF A QUALIFIED INVESTMENT PROJECT OR A SIGNIFICANT CAPITAL INVESTMENT PROJECT PURSUANT TO SUBDIVISION (W) OF SECTION NINE HUNDRED FIFTY-NINE OF THE GENERAL MUNICIPAL LAW, FAILS TO (A) CREATE AT LEAST THE MINIMUM NUMBER OF JOBS AT SUCH PROJECT AS REQUIRED BY THE PROVISIONS OF SUBDIVISION (S) OR (T) OF SECTION NINE HUNDRED FIFTY-SEVEN AND SUBDIVISION (W) OF SECTION NINE HUNDRED FIFTY-NINE OF THE GENERAL MUNICIPAL LAW OR (B) PLACE IN SERVICE PROPERTY COMPRISING SUCH QUALIFIED INVESTMENT PROJECT OR SIGNIFICANT CAPITAL INVESTMENT PROJECT WITH A BASIS FOR FEDERAL INCOME TAX PURPOSES EQUALING OR EXCEEDING THE APPLICABLE MINIMUM REQUIRED BASIS AS PROVIDED IN SUCH SUBDIVISION (S) OR (T), WHICHEVER IS RELEVANT, BY THE LAST DAY OF THE FIFTH

1 TAXABLE YEAR FOLLOWING THE TAXABLE YEAR IN WHICH A CREDIT IS FIRST
2 ALLOWED UNDER THIS SUBDIVISION FOR THE PROPERTY WHICH COMPRISES SUCH
3 QUALIFIED INVESTMENT PROJECT OR SUCH SIGNIFICANT CAPITAL INVESTMENT
4 PROJECT, THE TOTAL AMOUNT OF THE CREDIT ALLOWED UNDER THIS SUBDIVISION
5 FOR ALL TAXABLE YEARS WITH RESPECT TO THE PROPERTY WHICH COMPRISES SUCH
6 PROJECT WHICH HAS BEEN REFUNDED TO SUCH TAXPAYER SHALL BE ADDED BACK IN
7 SUCH TAXABLE YEAR.

8 (G) NOTWITHSTANDING THE EXPIRATION OF THE EMPIRE ZONES PROGRAM UNDER
9 ARTICLE EIGHTEEN-B OF THE GENERAL MUNICIPAL LAW, A TAXPAYER THAT IS
10 CERTIFIED AS A QUALIFIED INVESTMENT PROJECT PURSUANT TO SUCH ARTICLE
11 EIGHT-B ON THE DAY IMMEDIATELY PRECEDING THE DAY THE EMPIRE ZONES
12 PROGRAM EXPIRED SHALL CONTINUE TO BE DEEMED CERTIFIED UNDER SUCH ARTICLE
13 EIGHTEEN-B FOR PURPOSES OF THIS SUBDIVISION FOR THE REMAINDER OF THE
14 TAXABLE YEAR IN WHICH THE EXPIRATION OCCURRED AND FOR THE NEXT SUCCEED-
15 ING NINE TAXABLE YEARS. IN ADDITION, THE AREAS DESIGNATED AS EMPIRE
16 ZONES IN WHICH THE TAXPAYER IS CERTIFIED AS A QUALIFIED INVESTMENT
17 PROJECT ON THE DAY IMMEDIATELY PRECEDING THE DAY THE EMPIRE ZONES
18 PROGRAM EXPIRED SHALL CONTINUE TO BE DEEMED EMPIRE ZONES FOR PURPOSES OF
19 THIS SUBDIVISION FOR THE REMAINDER OF THE TAXABLE YEAR IN WHICH THE
20 EXPIRATION OCCURRED AND FOR THE NEXT SUCCEEDING NINE TAXABLE YEARS.

21 (H) NOTWITHSTANDING THE EXPIRATION OF THE EMPIRE ZONES PROGRAM UNDER
22 ARTICLE EIGHTEEN-B OF THE GENERAL MUNICIPAL LAW AND EXCEPT AS PROVIDED
23 IN PARAGRAPH (G) OF THIS SUBDIVISION, A TAXPAYER THAT IS CERTIFIED AS AN
24 EMPIRE ZONE BUSINESS PURSUANT TO SUCH ARTICLE EIGHTEEN-B ON THE DAY
25 IMMEDIATELY PRECEDING THE DAY THE EMPIRE ZONE PROGRAM EXPIRED SHALL
26 CONTINUE TO BE DEEMED CERTIFIED UNDER SUCH ARTICLE EIGHTEEN-B FOR
27 PURPOSES OF THIS SUBDIVISION UNTIL APRIL FIRST, TWO THOUSAND FOURTEEN.
28 IN ADDITION, THE AREAS DESIGNATED AS EMPIRE ZONES IN WHICH THE TAXPAYER
29 IS CERTIFIED AS AN EMPIRE ZONE BUSINESS ON THE DAY IMMEDIATELY PRECEDING
30 THE DAY THE EMPIRE ZONES PROGRAM EXPIRED SHALL CONTINUE TO BE DEEMED
31 EMPIRE ZONES FOR PURPOSES OF THIS SUBDIVISIONS UNTIL APRIL FIRST, TWO
32 THOUSAND FOURTEEN.

33 4. EMPIRE ZONE EMPLOYMENT INCENTIVE CREDIT (EZ-EIC). (A) APPLICATION
34 OF CREDIT. WHERE A TAXPAYER IS ALLOWED A CREDIT UNDER SUBDIVISION THREE
35 OF THIS SECTION, THE TAXPAYER SHALL BE ALLOWED A CREDIT FOR EACH OF THE
36 THREE YEARS NEXT SUCCEEDING THE TAXABLE YEAR FOR WHICH THE CREDIT UNDER
37 SUCH SUBDIVISION THREE IS ALLOWED, WITH RESPECT TO SUCH PROPERTY, WHETH-
38 ER OR NOT DEDUCTIBLE IN SUCH TAXABLE YEAR OR IN SUBSEQUENT TAXABLE YEARS
39 PURSUANT TO PARAGRAPH (D) OF SUCH SUBDIVISION THREE, OF THIRTY PERCENT
40 OF THE CREDIT ALLOWABLE UNDER SUCH SUBDIVISION THREE; PROVIDED, HOWEVER,
41 THAT THE CREDIT ALLOWABLE UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR
42 SHALL ONLY BE ALLOWED IF THE AVERAGE NUMBER OF EMPLOYEES EMPLOYED BY THE
43 TAXPAYER IN THE EMPIRE ZONE, DESIGNATED PURSUANT TO ARTICLE EIGHTEEN-B
44 OF THE GENERAL MUNICIPAL LAW, IN WHICH SUCH PROPERTY IS LOCATED DURING
45 SUCH TAXABLE YEAR IS AT LEAST ONE HUNDRED ONE PERCENT OF THE AVERAGE
46 NUMBER OF EMPLOYEES EMPLOYED BY THE TAXPAYER IN SUCH EMPIRE ZONE, DURING
47 THE TAXABLE YEAR IMMEDIATELY PRECEDING THE TAXABLE YEAR FOR WHICH THE
48 CREDIT UNDER SUCH SUBDIVISION THREE IS ALLOWED AND PROVIDED, FURTHER,
49 THAT IF THE TAXPAYER WAS NOT SUBJECT TO TAX AND DID NOT HAVE A TAXABLE
50 YEAR IMMEDIATELY PRECEDING THE TAXABLE YEAR FOR WHICH THE CREDIT UNDER
51 SUBDIVISION THREE OF THIS SECTION IS ALLOWED, THE CREDIT ALLOWABLE UNDER
52 THIS SUBDIVISION FOR ANY TAXABLE YEAR SHALL BE ALLOWED IF THE AVERAGE
53 NUMBER OF EMPLOYEES EMPLOYED IN SUCH EMPIRE ZONE IN SUCH TAXABLE YEAR IS
54 AT LEAST ONE HUNDRED ONE PERCENT OF THE AVERAGE NUMBER OF SUCH EMPLOYEES
55 DURING THE TAXABLE YEAR IN WHICH THE CREDIT UNDER SUCH SUBDIVISION THREE
56 IS ALLOWED.

(B) AVERAGE NUMBER OF EMPLOYEES. THE AVERAGE NUMBER OF EMPLOYEES EMPLOYED IN AN EMPIRE ZONE IN A TAXABLE YEAR SHALL BE COMPUTED BY ASCERTAINING THE NUMBER OF SUCH EMPLOYEES WITHIN SUCH ZONE EXCEPT GENERAL EXECUTIVE OFFICERS, EMPLOYED BY THE TAXPAYER ON THE THIRTY-FIRST DAY OF MARCH, THE THIRTIETH DAY OF JUNE, THE THIRTIETH DAY OF SEPTEMBER AND THE THIRTY-FIRST DAY OF DECEMBER IN THE TAXABLE YEAR, BY ADDING TOGETHER THE NUMBER OF EMPLOYEES ASCERTAINED ON EACH OF SUCH DATES AND DIVIDING THE SUM SO OBTAINED BY THE NUMBER OF SUCH ABOVE-MENTIONED DATES OCCURRING WITHIN THE TAXABLE YEAR.

(C) CARRYOVER. IN NO EVENT SHALL THE CREDIT HEREIN PROVIDED FOR BE ALLOWED IN AN AMOUNT WHICH WILL REDUCE THE TAX PAYABLE TO LESS THAN THE FIXED DOLLAR MINIMUM AMOUNT PRESCRIBED IN PARAGRAPH (D) OF SUBDIVISION ONE OF SECTION TWO HUNDRED TEN OF THIS ARTICLE. PROVIDED, HOWEVER, THAT IF THE AMOUNT OF CREDIT ALLOWABLE UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR REDUCES THE TAX TO SUCH AMOUNT OR IF THE TAXPAYER OTHERWISE PAYS TAX BASED ON THE FIXED DOLLAR MINIMUM AMOUNT, ANY AMOUNT OF CREDIT NOT DEDUCTIBLE IN SUCH TAXABLE YEAR MAY BE CARRIED OVER TO THE FOLLOWING YEAR OR YEARS AND MAY BE DEDUCTED FROM THE TAXPAYER'S TAX FOR SUCH YEAR OR YEARS. IN LIEU OF SUCH CARRYOVER, ANY SUCH TAXPAYER, WHICH IS APPROVED AS THE OWNER OF A QUALIFIED INVESTMENT PROJECT OR A SIGNIFICANT CAPITAL INVESTMENT PROJECT PURSUANT TO SUBDIVISION (V) OF SECTION NINE HUNDRED FIFTY-NINE OF THE GENERAL MUNICIPAL LAW, MAY ELECT, ON ITS REPORT FOR ITS TAXABLE YEAR WITH RESPECT TO WHICH SUCH CREDIT IS ALLOWED, TO TREAT FIFTY PERCENT OF THE AMOUNT OF SUCH CARRYOVER AS AN OVERPAYMENT OF TAX TO BE CREDITED OR REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF SECTION ONE THOUSAND EIGHTY-SIX OF THIS CHAPTER. PROVIDED, HOWEVER, IN THE CASE OF SUCH OWNER OF A QUALIFIED INVESTMENT PROJECT OR A SIGNIFICANT CAPITAL INVESTMENT PROJECT, ONLY FIFTY PERCENT OF THE AMOUNT OF SUCH CARRYOVER WHICH IS ATTRIBUTABLE TO THE CREDIT ALLOWED UNDER THIS SUBDIVISION WITH RESPECT TO PROPERTY WHICH IS PART OF SUCH PROJECT SHALL BE ALLOWED TO BE CREDITED OR REFUNDED AND SUCH OWNER SHALL BE ALLOWED SUCH CREDIT OR REFUND ONLY FOR THOSE TAXABLE YEARS IN WHICH SUCH OWNER WOULD BE ALLOWED A CREDIT OR REFUND OF THE EMPIRE ZONE INVESTMENT TAX CREDIT PURSUANT TO PARAGRAPH (D) OF SUBDIVISION THREE OF THIS SECTION. PROVIDED, FURTHER, HOWEVER, THE PROVISIONS OF SUBSECTION (C) OF SECTION ONE THOUSAND EIGHTY-EIGHT OF THIS CHAPTER NOTWITHSTANDING, NO INTEREST SHALL BE PAID THEREON.

(C-1) ANY CARRYOVER OF A CREDIT FROM PRIOR TAXABLE YEARS WILL NOT BE ALLOWED IF AN EMPIRE ZONE RETENTION CERTIFICATE IS NOT ISSUED PURSUANT TO SUBDIVISION (W) OF SECTION NINE HUNDRED FIFTY-NINE OF THE GENERAL MUNICIPAL LAW TO THE EMPIRE ZONE ENTERPRISE WHICH IS THE BASIS OF THE CREDIT.

(D) NOTWITHSTANDING THE EXPIRATION OF THE EMPIRE ZONES PROGRAM UNDER ARTICLE EIGHTEEN-B OF THE GENERAL MUNICIPAL LAW, A TAXPAYER THAT IS CERTIFIED AS A QUALIFIED INVESTMENT PROJECT PURSUANT TO SUCH ARTICLE EIGHTEEN-B ON THE DAY IMMEDIATELY PRECEDING THE DAY THE EMPIRE ZONES PROGRAM EXPIRED SHALL CONTINUE TO BE DEEMED CERTIFIED UNDER SUCH ARTICLE EIGHTEEN-B FOR PURPOSES OF THIS SUBDIVISION FOR THE REMAINDER OF THE TAXABLE YEAR IN WHICH THE EXPIRATION OCCURRED AND FOR THE NEXT SUCCEEDING NINE TAXABLE YEARS. IN ADDITION, THE AREAS DESIGNATED AS EMPIRE ZONES IN WHICH THE TAXPAYER IS CERTIFIED AS A QUALIFIED INVESTMENT PROJECT ON THE DAY IMMEDIATELY PRECEDING THE DAY THE EMPIRE ZONES PROGRAM EXPIRED SHALL CONTINUE TO BE DEEMED EMPIRE ZONES FOR PURPOSES OF THIS SUBDIVISION FOR THE REMAINDER OF THE TAXABLE YEAR IN WHICH THE EXPIRATION OCCURRED AND FOR THE NEXT SUCCEEDING NINE TAXABLE YEARS.

1 (E) NOTWITHSTANDING THE EXPIRATION OF THE EMPIRE ZONES PROGRAM UNDER
2 ARTICLE EIGHTEEN-B OF THE GENERAL MUNICIPAL LAW AND EXCEPT AS PROVIDED
3 IN PARAGRAPH (D) OF THIS SUBDIVISION, A TAXPAYER THAT IS CERTIFIED AS AN
4 EMPIRE ZONE BUSINESS PURSUANT TO SUCH ARTICLE EIGHTEEN-B ON THE DAY
5 IMMEDIATELY PRECEDING THE DAY THE EMPIRE ZONES PROGRAM EXPIRED SHALL
6 CONTINUE TO BE DEEMED IN THE EMPIRE ZONE IN WHICH THE TAXPAYER WAS
7 CERTIFIED AS AN EMPIRE ZONE BUSINESS ON THE DAY IMMEDIATELY PRECEDING
8 THE DAY THE EMPIRE ZONES PROGRAM EXPIRED FOR EACH OF THE THREE YEARS
9 NEXT SUCCEEDING THE TAXABLE YEAR FOR WHICH THE CREDIT UNDER SUBDIVISION
10 THREE OF THIS SECTION IS ALLOWED.

11 5. QEZE CREDIT FOR REAL PROPERTY TAXES. (A) ALLOWANCE OF CREDIT. A
12 TAXPAYER WHICH IS A QUALIFIED EMPIRE ZONE ENTERPRISE SHALL BE ALLOWED A
13 CREDIT FOR ELIGIBLE REAL PROPERTY TAXES, TO BE COMPUTED AS PROVIDED IN
14 SECTION FIFTEEN OF THIS CHAPTER, AGAINST THE TAX IMPOSED BY THIS ARTI-
15 CLE.

16 (B) APPLICATION OF CREDIT. THE CREDIT ALLOWED UNDER THIS SUBDIVISION
17 FOR ANY TAXABLE YEAR SHALL NOT REDUCE THE TAX DUE FOR SUCH YEAR TO LESS
18 THAN THE FIXED DOLLAR MINIMUM AMOUNT PRESCRIBED IN PARAGRAPH (D) OF
19 SUBDIVISION ONE OF SECTION TWO HUNDRED TEN OF THIS ARTICLE. HOWEVER, IF
20 THE AMOUNT OF CREDIT ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR
21 REDUCES THE TAX TO SUCH AMOUNT OR IF THE TAXPAYER OTHERWISE PAYS TAX
22 BASED ON THE FIXED DOLLAR MINIMUM AMOUNT, ANY AMOUNT OF CREDIT THUS NOT
23 DEDUCTIBLE IN SUCH TAXABLE YEAR SHALL BE TREATED AS AN OVERPAYMENT OF
24 TAX TO BE CREDITED OR REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF
25 SECTION ONE THOUSAND EIGHTY-SIX OF THIS CHAPTER. PROVIDED, HOWEVER, THE
26 PROVISIONS OF SUBSECTION (C) OF SECTION ONE THOUSAND EIGHTY-EIGHT OF
27 THIS CHAPTER NOTWITHSTANDING, NO INTEREST SHALL BE PAID THEREON.

28 6. QEZE TAX REDUCTION CREDIT. (A) ALLOWANCE OF CREDIT. A TAXPAYER
29 WHICH IS A QUALIFIED EMPIRE ZONE ENTERPRISE SHALL BE ALLOWED A QEZE TAX
30 REDUCTION CREDIT, TO BE COMPUTED AS PROVIDED IN SECTION SIXTEEN OF THIS
31 CHAPTER, AGAINST THE TAX IMPOSED BY THIS ARTICLE.

32 (B) APPLICATION OF CREDIT. THE CREDIT ALLOWED UNDER THIS SUBDIVISION
33 FOR ANY TAXABLE YEAR SHALL NOT REDUCE THE TAX DUE FOR SUCH YEAR TO LESS
34 THAN THE FIXED DOLLAR MINIMUM AMOUNT PRESCRIBED IN PARAGRAPH (D) OF
35 SUBDIVISION ONE OF SECTION TWO HUNDRED TEN OF THIS ARTICLE. PROVIDED,
36 HOWEVER, THIS PARAGRAPH SHALL NOT APPLY TO A TAXPAYER WITH A ZONE ALLO-
37 CATION FACTOR OF ONE HUNDRED PERCENT.

38 7. QUALIFIED EMERGING TECHNOLOGY COMPANY EMPLOYMENT CREDIT. (A) APPLI-
39 CATION OF CREDIT. A TAXPAYER SHALL BE ALLOWED A CREDIT, TO BE COMPUTED
40 AS HEREINAFTER PROVIDED, AGAINST THE TAX IMPOSED BY THIS ARTICLE,
41 PROVIDED:

42 (I) THE TAXPAYER IS A QUALIFIED EMERGING TECHNOLOGY COMPANY PURSUANT
43 TO THE PROVISIONS OF SECTION THIRTY-ONE HUNDRED TWO-E OF THE PUBLIC
44 AUTHORITIES LAW; AND

45 (II) THE AVERAGE NUMBER OF INDIVIDUALS EMPLOYED FULL TIME BY THE
46 TAXPAYER IN NEW YORK STATE DURING THE TAXABLE YEAR IS AT LEAST ONE
47 HUNDRED ONE PERCENT OF THE TAXPAYER'S BASE YEAR EMPLOYMENT. FOR THE
48 PURPOSES OF THIS SUBDIVISION, "BASE YEAR EMPLOYMENT" MEANS THE AVERAGE
49 NUMBER OF INDIVIDUALS EMPLOYED FULL-TIME BY THE TAXPAYER IN THE STATE
50 DURING THE THREE TAXABLE YEARS IMMEDIATELY PRECEDING THE FIRST TAXABLE
51 YEAR IN WHICH THE CREDIT IS CLAIMED. WHERE THE TAXPAYER PROVIDED
52 FULL-TIME EMPLOYMENT WITHIN THE STATE DURING ONLY A PORTION OF SUCH
53 THREE-YEAR PERIOD, THEN THE FIRST EFFECTIVE DATE FOR THE COMPANY TO TAKE
54 ADVANTAGE OF THIS CREDIT SHALL BE THE NEXT YEAR FOLLOWING THE FIRST FULL
55 TAXABLE YEAR THAT THE COMPANY HAD FULL-TIME EMPLOYMENT IN NEW YORK
56 STATE. FOR THE PURPOSES OF THIS PARAGRAPH THE TERM "THREE YEARS" SHALL

1 BE DEEMED TO REFER INSTEAD TO THE PRIOR YEAR'S FULL-TIME EMPLOYMENT
2 AFTER THE FIRST YEAR AND THE AVERAGE OF THE FIRST EIGHT QUARTERS OF
3 EMPLOYMENT AFTER THE FIRST TWO TAXABLE YEARS IN NEW YORK STATE.

4 (B) CREDIT LIMITATION. THE CREDIT SHALL BE ALLOWED ONLY IN THE FIRST
5 TAXABLE YEAR IN WHICH THE CREDIT IS CLAIMED AND IN EACH OF THE NEXT TWO
6 TAXABLE YEARS, PROVIDED THAT THE CONDITIONS OF PARAGRAPH (A) OF THIS
7 SUBDIVISION ARE SATISFIED IN EACH TAXABLE YEAR.

8 (C) AVERAGE NUMBER OF INDIVIDUALS EMPLOYED FULL-TIME. FOR THE PURPOSES
9 OF THIS SUBDIVISION, AVERAGE NUMBER OF INDIVIDUALS EMPLOYED FULL-TIME
10 SHALL BE COMPUTED BY ADDING THE NUMBER OF SUCH INDIVIDUALS EMPLOYED BY
11 THE TAXPAYER AT THE END OF EACH QUARTER DURING EACH TAXABLE YEAR OR
12 OTHER APPLICABLE PERIOD AND DIVIDING THE SUM SO OBTAINED BY THE NUMBER
13 OF SUCH QUARTERS OCCURRING WITHIN SUCH TAXABLE YEAR OR OTHER APPLICABLE
14 PERIOD; PROVIDED HOWEVER, EXCEPT THAT IN COMPUTING BASE YEAR EMPLOYMENT,
15 THERE SHALL BE EXCLUDED THEREFROM ANY EMPLOYEE WITH RESPECT TO WHOM A
16 CREDIT PROVIDED FOR UNDER SUBDIVISION SIX OF THIS SECTION IS CLAIMED FOR
17 THE TAXABLE YEAR.

18 (D) AMOUNT OF CREDIT. THE AMOUNT OF THE CREDIT SHALL EQUAL THE PRODUCT
19 OF ONE THOUSAND DOLLARS TIMES THE NUMBER OF INDIVIDUALS EMPLOYED
20 FULL-TIME BY THE TAXPAYER IN THE TAXABLE YEAR THAT ARE IN EXCESS OF ONE
21 HUNDRED PERCENT OF THE TAXPAYER'S BASE YEAR EMPLOYMENT.

22 (E) CARRYOVER. THE CREDIT ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXA-
23 BLE YEAR SHALL NOT REDUCE THE TAX DUE FOR SUCH YEAR TO LESS THAN THE
24 FIXED DOLLAR MINIMUM AMOUNT PRESCRIBED IN PARAGRAPH (D) OF SUBDIVISION
25 ONE OF SECTION TWO HUNDRED TEN OF THIS ARTICLE. HOWEVER, IF THE AMOUNT
26 OF CREDIT ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR REDUCES
27 THE TAX TO SUCH AMOUNT OR IF THE TAXPAYER OTHERWISE PAYS TAX BASED ON
28 THE FIXED DOLLAR MINIMUM AMOUNT, ANY AMOUNT OF CREDIT THUS NOT DEDUCT-
29 ILE IN SUCH TAXABLE YEAR SHALL BE TREATED AS AN OVERPAYMENT OF TAX TO
30 BE CREDITED OR REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF SECTION ONE
31 THOUSAND EIGHTY-SIX OF THIS CHAPTER. PROVIDED, HOWEVER, THE PROVISIONS
32 OF SUBSECTION (C) OF SECTION ONE THOUSAND EIGHTY-EIGHT OF THIS CHAPTER
33 NOTWITHSTANDING, NO INTEREST SHALL BE PAID THEREON.

34 8. QUALIFIED EMERGING TECHNOLOGY COMPANY CAPITAL TAX CREDIT. (A)
35 AMOUNT OF CREDIT. A TAXPAYER SHALL BE ALLOWED A CREDIT AGAINST THE TAX
36 IMPOSED BY THIS ARTICLE. THE AMOUNT OF THE CREDIT SHALL BE EQUAL TO ONE
37 OF THE FOLLOWING PERCENTAGES, PER EACH QUALIFIED INVESTMENT IN A QUALI-
38 FIED EMERGING TECHNOLOGY COMPANY AS DEFINED IN SECTION THIRTY-ONE
39 HUNDRED TWO-E OF THE PUBLIC AUTHORITIES LAW, MADE DURING THE TAXABLE
40 YEAR, AND CERTIFIED BY THE COMMISSIONER, EITHER:

41 (1) TEN PERCENT OF QUALIFIED INVESTMENTS IN QUALIFIED EMERGING TECH-
42 NOLOGY COMPANIES, EXCEPT FOR INVESTMENTS MADE BY OR ON BEHALF OF AN
43 OWNER OF THE BUSINESS, INCLUDING, BUT NOT LIMITED TO, A STOCKHOLDER,
44 PARTNER OR SOLE PROPRIETOR, OR ANY RELATED PERSON, AS DEFINED IN SUBPAR-
45 AGRAPH (C) OF PARAGRAPH THREE OF SUBSECTION (B) OF SECTION FOUR HUNDRED
46 SIXTY-FIVE OF THE INTERNAL REVENUE CODE, AND PROVIDED, HOWEVER, THAT THE
47 TAXPAYER CERTIFIES TO THE COMMISSIONER THAT THE QUALIFIED INVESTMENT
48 WILL NOT BE SOLD, TRANSFERRED, TRADED, OR DISPOSED OF DURING THE FOUR
49 YEARS FOLLOWING THE YEAR IN WHICH THE CREDIT IS FIRST CLAIMED; OR

50 (2) TWENTY PERCENT OF QUALIFIED INVESTMENTS IN QUALIFIED EMERGING
51 TECHNOLOGY COMPANIES, EXCEPT FOR INVESTMENTS MADE BY OR ON BEHALF OF AN
52 OWNER OF THE BUSINESS, INCLUDING, BUT NOT LIMITED TO, A STOCKHOLDER,
53 PARTNER OR SOLE PROPRIETOR, OR ANY RELATED PERSON, AS DEFINED IN SUBPAR-
54 AGRAPH (C) OF PARAGRAPH THREE OF SUBSECTION (B) OF SECTION FOUR HUNDRED
55 SIXTY-FIVE OF THE INTERNAL REVENUE CODE, AND PROVIDED, HOWEVER, THAT THE
56 TAXPAYER CERTIFIES TO THE COMMISSIONER THAT THE QUALIFIED INVESTMENT

1 WILL NOT BE SOLD, TRANSFERRED, TRADED, OR DISPOSED OF DURING THE NINE
2 YEARS FOLLOWING THE YEAR IN WHICH THE CREDIT IS FIRST CLAIMED.

3 (B) QUALIFIED INVESTMENT. "QUALIFIED INVESTMENT" MEANS THE CONTRIB-
4 UTION OF PROPERTY TO A CORPORATION IN EXCHANGE FOR ORIGINAL ISSUE CAPI-
5 TAL STOCK OR OTHER OWNERSHIP INTEREST, THE CONTRIBUTION OF PROPERTY TO A
6 PARTNERSHIP IN EXCHANGE FOR AN INTEREST IN THE PARTNERSHIP, AND SIMILAR
7 CONTRIBUTIONS IN THE CASE OF A BUSINESS ENTITY NOT IN CORPORATE OR PART-
8 NERSHIP FORM IN EXCHANGE FOR AN OWNERSHIP INTEREST IN SUCH ENTITY. THE
9 TOTAL AMOUNT OF CREDIT ALLOWABLE TO A TAXPAYER UNDER THIS PROVISION FOR
10 ALL YEARS, TAKEN IN THE AGGREGATE, SHALL NOT EXCEED ONE HUNDRED FIFTY
11 THOUSAND DOLLARS IN THE CASE OF INVESTMENTS MADE PURSUANT TO SUBPARA-
12 GRAPH ONE OF PARAGRAPH (A) OF THIS SUBDIVISION AND SHALL NOT EXCEED
13 THREE HUNDRED THOUSAND DOLLARS IN THE CASE OF INVESTMENTS MADE PURSUANT
14 TO SUBPARAGRAPH TWO OF PARAGRAPH (A) OF THIS SUBDIVISION.

15 (C) CARRYOVER. IN NO EVENT SHALL THE CREDIT AND CARRYOVER OF SUCH
16 CREDIT ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR, IN THE
17 AGGREGATE, REDUCE THE TAX DUE FOR SUCH YEAR TO LESS THAN THE FIXED
18 DOLLAR MINIMUM AMOUNT PRESCRIBED IN PARAGRAPH (D) OF SUBDIVISION ONE OF
19 SECTION TWO HUNDRED TEN OF THIS CHAPTER. HOWEVER, IF THE AMOUNT OF CRED-
20 IT OR CARRYOVERS OF SUCH CREDIT, OR BOTH, ALLOWED UNDER THIS SUBDIVISION
21 FOR ANY TAXABLE YEAR REDUCES THE TAX TO SUCH AMOUNT OR IF THE TAXPAYER
22 OTHERWISE PAYS TAX BASED ON THE FIXED DOLLAR MINIMUM AMOUNT, OR IF ANY
23 PART OF THE CREDIT OR CARRYOVERS OF SUCH CREDIT MAY NOT BE DEDUCTED FROM
24 THE TAX OTHERWISE DUE BY REASON OF THE FINAL SENTENCE OF THIS PARAGRAPH,
25 ANY AMOUNT OF CREDIT OR CARRYOVERS OF SUCH CREDIT THUS NOT DEDUCTIBLE IN
26 SUCH TAXABLE YEAR MAY BE CARRIED OVER TO THE FOLLOWING YEAR OR YEARS AND
27 MAY BE DEDUCTED FROM THE TAX FOR SUCH YEAR OR YEARS. IN ADDITION, THE
28 AMOUNT OF SUCH CREDIT, AND CARRYOVERS OF SUCH CREDIT TO THE TAXABLE
29 YEAR, DEDUCTED FROM THE TAX OTHERWISE DUE MAY NOT, IN THE AGGREGATE,
30 EXCEED FIFTY PERCENT OF THE TAX IMPOSED UNDER SECTION TWO HUNDRED NINE
31 OF THIS ARTICLE COMPUTED WITHOUT REGARD TO ANY CREDIT PROVIDED FOR BY
32 THIS SECTION.

33 (D) RECAPTURE. (1) WHERE A TAXPAYER SELLS, TRANSFERS OR OTHERWISE
34 DISPOSES OF CORPORATE STOCK, A PARTNERSHIP INTEREST OR OTHER OWNERSHIP
35 INTEREST ARISING FROM THE MAKING OF A QUALIFIED INVESTMENT WHICH WAS THE
36 BASIS, IN WHOLE OR IN PART, FOR THE ALLOWANCE OF THE CREDIT PROVIDED FOR
37 UNDER SUBPARAGRAPH ONE OF PARAGRAPH (A) OF THIS SUBDIVISION, OR WHERE AN
38 INVESTMENT WHICH WAS THE BASIS FOR SUCH ALLOWANCE IS, IN WHOLE OR IN
39 PART, RECOVERED BY SUCH TAXPAYER, AND SUCH DISPOSITION OR RECOVERY
40 OCCURS DURING THE TAXABLE YEAR OR WITHIN FORTY-EIGHT MONTHS FROM THE
41 CLOSE OF THE TAXABLE YEAR WITH RESPECT TO WHICH SUCH CREDIT IS ALLOWED,
42 THE TAXPAYER SHALL ADD BACK, WITH RESPECT TO THE TAXABLE YEAR IN WHICH
43 THE DISPOSITION OR RECOVERY DESCRIBED ABOVE OCCURRED, THE REQUIRED
44 PORTION OF THE CREDIT ORIGINALLY ALLOWED.

45 (2) WHERE A TAXPAYER SELLS, TRANSFERS OR OTHERWISE DISPOSES OF CORPO-
46 RATE STOCK, A PARTNERSHIP INTEREST OR OTHER OWNERSHIP INTEREST ARISING
47 FROM THE MAKING OF A QUALIFIED INVESTMENT WHICH WAS THE BASIS, IN WHOLE
48 OR IN PART, FOR THE ALLOWANCE OF THE CREDIT PROVIDED FOR UNDER SUBPARA-
49 GRAPH TWO OF PARAGRAPH (A) OF THIS SUBDIVISION, OR WHERE AN INVESTMENT
50 WHICH WAS THE BASIS FOR SUCH ALLOWANCE IS IN ANY MANNER, IN WHOLE OR IN
51 PART, RECOVERED BY SUCH TAXPAYER, AND SUCH DISPOSITION OR RECOVERY
52 OCCURS DURING THE TAXABLE YEAR OR WITHIN ONE HUNDRED EIGHT MONTHS FROM
53 THE CLOSE OF THE TAXABLE YEAR WITH RESPECT TO WHICH SUCH CREDIT IS
54 ALLOWED, THE TAXPAYER SHALL ADD BACK, WITH RESPECT TO THE TAXABLE YEAR
55 IN WHICH THE DISPOSITION OR RECOVERY DESCRIBED IN SUBPARAGRAPH ONE OF

1 THIS PARAGRAPH OCCURRED THE REQUIRED PORTION OF THE CREDIT ORIGINALLY
2 ALLOWED.

3 (3) THE REQUIRED PORTION OF THE CREDIT ORIGINALLY ALLOWED SHALL BE THE
4 PRODUCT OF (A) THE PORTION OF SUCH CREDIT ATTRIBUTABLE TO THE PROPERTY
5 DISPOSED OF AND (B) THE APPLICABLE PERCENTAGE.

6 (4) THE APPLICABLE PERCENTAGE SHALL BE:

7 (A) FOR CREDITS ALLOWED PURSUANT TO SUBPARAGRAPH ONE OF PARAGRAPH (A)
8 OF THIS SUBDIVISION:

9 (I) ONE HUNDRED PERCENT, IF THE DISPOSITION OR RECOVERY OCCURS WITHIN
10 THE TAXABLE YEAR WITH RESPECT TO WHICH THE CREDIT IS ALLOWED OR WITHIN
11 TWELVE MONTHS OF THE END OF SUCH TAXABLE YEAR,

12 (II) SEVENTY-FIVE PERCENT, IF THE DISPOSITION OR RECOVERY OCCURS MORE
13 THAN TWELVE BUT NOT MORE THAN TWENTY-FOUR MONTHS AFTER THE END OF THE
14 TAXABLE YEAR WITH RESPECT TO WHICH THE CREDIT IS ALLOWED,

15 (III) FIFTY PERCENT, IF THE DISPOSITION OR RECOVERY OCCURS MORE THAN
16 TWENTY-FOUR MONTHS BUT NOT MORE THAN THIRTY-SIX MONTHS AFTER THE END OF
17 THE TAXABLE YEAR WITH RESPECT TO WHICH THE CREDIT IS ALLOWED, OR

18 (IV) TWENTY-FIVE PERCENT, IF THE DISPOSITION OR RECOVERY OCCURS MORE
19 THAN THIRTY-SIX MONTHS BUT NOT MORE THAN FORTY-EIGHT MONTHS AFTER THE
20 END OF THE TAXABLE YEAR WITH RESPECT TO WHICH THE CREDIT IS ALLOWED; OR

21 (B) FOR CREDITS ALLOWED PURSUANT TO SUBPARAGRAPH TWO OF PARAGRAPH (A)
22 OF THIS SUBDIVISION:

23 (I) ONE HUNDRED PERCENT, IF THE DISPOSITION OR RECOVERY OCCURS WITHIN
24 THE TAXABLE YEAR WITH RESPECT TO WHICH THE CREDIT IS ALLOWED OR WITHIN
25 TWELVE MONTHS OF THE END OF SUCH TAXABLE YEAR,

26 (II) EIGHTY PERCENT, IF THE DISPOSITION OR RECOVERY OCCURS MORE THAN
27 TWELVE BUT NOT MORE THAN FORTY-EIGHT MONTHS AFTER THE END OF THE TAXABLE
28 YEAR WITH RESPECT TO WHICH THE CREDIT IS ALLOWED,

29 (III) SIXTY PERCENT, IF THE DISPOSITION OR RECOVERY OCCURS MORE THAN
30 FORTY-EIGHT MONTHS BUT NOT MORE THAN SEVENTY-TWO MONTHS AFTER THE END OF
31 THE TAXABLE YEAR WITH RESPECT TO WHICH THE CREDIT IS ALLOWED,

32 (IV) FORTY PERCENT, IF THE DISPOSITION OR RECOVERY OCCURS MORE THAN
33 SEVENTY-TWO MONTHS BUT NOT MORE THAN NINETY-SIX MONTHS AFTER THE END OF
34 THE TAXABLE YEAR WITH RESPECT TO WHICH THE CREDIT IS ALLOWED, OR

35 (V) TWENTY PERCENT, IF THE DISPOSITION OR RECOVERY OCCURS MORE THAN
36 NINETY-SIX MONTHS BUT NOT MORE THAN ONE HUNDRED EIGHT MONTHS AFTER THE
37 END OF THE TAXABLE YEAR WITH RESPECT TO WHICH THE CREDIT IS ALLOWED.

38 9. CREDIT FOR THE SPECIAL ADDITIONAL MORTGAGE RECORDING TAX. (A)
39 APPLICATION OF CREDIT. A TAXPAYER SHALL BE ALLOWED A CREDIT, TO BE CRED-
40 ITED AGAINST THE TAX IMPOSED BY THIS ARTICLE, EQUAL TO THE AMOUNT OF THE
41 SPECIAL ADDITIONAL MORTGAGE RECORDING TAX PAID BY THE TAXPAYER PURSUANT
42 TO THE PROVISIONS OF SUBDIVISION ONE-A OF SECTION TWO HUNDRED
43 FIFTY-THREE OF THIS CHAPTER OR MORTGAGES RECORDED. PROVIDED, HOWEVER, NO
44 CREDIT SHALL BE ALLOWED WITH RESPECT TO A MORTGAGE OF REAL PROPERTY
45 PRINCIPALLY IMPROVED OR TO BE IMPROVED BY ONE OR MORE STRUCTURES
46 CONTAINING IN THE AGGREGATE NOT MORE THAN SIX RESIDENTIAL DWELLING
47 UNITS, EACH DWELLING UNIT HAVING ITS OWN SEPARATE COOKING FACILITIES,
48 WHERE THE REAL PROPERTY IS LOCATED IN ONE OR MORE OF THE COUNTIES
49 COMPRISING THE METROPOLITAN COMMUTER TRANSPORTATION AREA. PROVIDED
50 FURTHER, HOWEVER, NO CREDIT SHALL BE ALLOWED WITH RESPECT TO A MORTGAGE
51 OF REAL PROPERTY PRINCIPALLY IMPROVED OR TO BE IMPROVED BY ONE OR MORE
52 STRUCTURES CONTAINING IN THE AGGREGATE NOT MORE THAN SIX RESIDENTIAL
53 DWELLING UNITS, EACH DWELLING UNIT HAVING ITS OWN SEPARATE COOKING
54 FACILITIES, WHERE THE REAL PROPERTY IS LOCATED IN THE COUNTY OF ERIE.

55 (B) CARRYOVER. IN NO EVENT SHALL THE CREDIT HEREIN PROVIDED FOR BE
56 ALLOWED IN AN AMOUNT WHICH WILL REDUCE THE TAX PAYABLE TO LESS THAN THE

1 FIXED DOLLAR MINIMUM AMOUNT PRESCRIBED IN PARAGRAPH (D) OF SUBDIVISION
2 ONE OF SECTION TWO HUNDRED TEN OF THIS ARTICLE. IF, HOWEVER, THE AMOUNT
3 OF CREDIT ALLOWABLE UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR, INCLUD-
4 ING ANY CREDIT CARRIED OVER FROM A PRIOR TAXABLE YEAR, REDUCES THE TAX
5 TO SUCH AMOUNT OR IF THE TAXPAYER OTHERWISE PAYS TAX BASED ON THE FIXED
6 DOLLAR MINIMUM AMOUNT, ANY AMOUNT OF CREDIT NOT DEDUCTIBLE IN SUCH TAXA-
7 BLE YEAR MAY BE CARRIED OVER TO THE FOLLOWING YEAR OR YEARS AND MAY BE
8 DEDUCTED FROM THE TAXPAYER'S TAX FOR SUCH YEAR OR YEARS.

9 10. CREDIT FOR SERVICING CERTAIN MORTGAGES. (A) GENERAL. EVERY TAXPAY-
10 ER MEETING THE REQUIREMENTS OF THE STATE OF NEW YORK MORTGAGE AGENCY
11 APPLICABLE TO THE SERVICING OF MORTGAGES ACQUIRED BY SUCH AGENCY PURSU-
12 ANT TO THE STATE OF NEW YORK MORTGAGE AGENCY ACT, WHICH SHALL HAVE
13 ENTERED INTO A CONTRACT WITH THE STATE OF NEW YORK MORTGAGE AGENCY TO
14 SERVICE MORTGAGES ACQUIRED BY SUCH AGENCY PURSUANT TO THE STATE OF NEW
15 YORK MORTGAGE AGENCY ACT, SHALL HAVE CREDITED TO IT ANNUALLY AN AMOUNT
16 EQUAL TO TWO AND NINETY-THREE ONE HUNDREDTHS PER CENTUM OF THE TOTAL
17 PRINCIPAL AND INTEREST COLLECTED BY THE TAXPAYER DURING ITS TAXABLE YEAR
18 ON EACH SUCH MORTGAGE SECURED BY A LIEN ON REAL ESTATE IMPROVED BY A
19 ONE-FAMILY TO FOUR-FAMILY RESIDENTIAL STRUCTURE AND AN AMOUNT EQUAL TO
20 THE INTEREST COLLECTED BY THE TAXPAYER DURING ITS TAXABLE YEAR ON EACH
21 SUCH MORTGAGE SECURED BY A LIEN ON REAL PROPERTY IMPROVED BY A STRUCTURE
22 OCCUPIED AS THE RESIDENCE OF FIVE OR MORE FAMILIES LIVING INDEPENDENTLY
23 OF EACH OTHER, MULTIPLIED BY A FRACTION THE DENOMINATOR OF WHICH SHALL
24 BE THE INTEREST RATE PAYABLE ON THE MORTGAGE (COMPUTED TO FIVE DECIMAL
25 PLACES) AND THE NUMERATOR OF WHICH SHALL BE .00125 IN THE CASE OF SUCH A
26 MORTGAGE ACQUIRED BY SUCH AGENCY FOR LESS THAN ONE MILLION DOLLARS, AND
27 .00100 IN THE CASE OF SUCH A MORTGAGE ACQUIRED BY SUCH AGENCY FOR ONE
28 MILLION DOLLARS OR MORE. IN NO EVENT SHALL THE CREDIT ALLOWED UNDER THIS
29 SUBDIVISION REDUCE THE TAX TO LESS THAN THE FIXED DOLLAR MINIMUM AMOUNT
30 PRESCRIBED IN PARAGRAPH (D) OF SUBDIVISION ONE OF SECTION TWO HUNDRED
31 TEN OF THIS ARTICLE. IN COMPUTING SUCH TAX CREDIT FOR THE SERVICING OF
32 MORTGAGES ON ONE-FAMILY TO FOUR-FAMILY RESIDENTIAL STRUCTURES, THE
33 TAXPAYER SHALL NOT BE ENTITLED TO CREDIT FOR THE COLLECTION OF CURTAIL-
34 MENT OR PAYMENTS IN DISCHARGE OF ANY SUCH MORTGAGE. FOR THE PURPOSES OF
35 THIS SUBDIVISION,

36 (B)(I) A "CURTAILMENT" SHALL MEAN AMOUNTS PAID BY MORTGAGORS

37 (A) IN EXCESS OF THE MONTHLY CONSTANT DUE DURING THE MONTH OF
38 COLLECTION AND

39 (B) IN REDUCTION OF THE UNPAID PRINCIPAL BALANCE OF THE MORTGAGE; IN
40 THE ABSENCE OF CLEAR EVIDENCE TO THE CONTRARY, AMOUNTS PAID IN EXCESS OF
41 THE MONTHLY CONSTANT DUE DURING THE MONTH OF COLLECTION SHALL BE DEEMED
42 TO BE IN REDUCTION OF THE UNPAID PRINCIPAL BALANCE OF THE MORTGAGE; AND

43 (II) "MONTHLY CONSTANT" SHALL MEAN THE AMOUNT OF PRINCIPAL AND INTER-
44 EST WHICH IS DUE AND PAYABLE ACCORDING TO THE MORTGAGE DOCUMENTS ON EACH
45 PERIODIC PAYMENT DATE.

46 11. AGRICULTURAL PROPERTY TAX CREDIT. (A) GENERAL. IN THE CASE OF A
47 TAXPAYER WHICH IS AN ELIGIBLE FARMER OR AN ELIGIBLE FARMER WHO HAS PAID
48 TAXES PURSUANT TO A LAND CONTRACT, THERE SHALL BE ALLOWED A CREDIT FOR
49 THE ALLOWABLE SCHOOL DISTRICT PROPERTY TAXES. THE TERM "ALLOWABLE SCHOOL
50 DISTRICT PROPERTY TAXES" MEANS THE SCHOOL DISTRICT PROPERTY TAXES PAID
51 DURING THE TAXABLE YEAR ON QUALIFIED AGRICULTURAL PROPERTY, SUBJECT TO
52 THE ACREAGE LIMITATION PROVIDED IN PARAGRAPH (E) OF THIS SUBDIVISION AND
53 THE INCOME LIMITATION PROVIDED IN PARAGRAPH (F) OF THIS SUBDIVISION.

54 (B) ELIGIBLE FARMER. FOR PURPOSES OF THIS SUBDIVISION, THE TERM
55 "ELIGIBLE FARMER" MEANS A TAXPAYER WHOSE FEDERAL GROSS INCOME FROM FARM-
56 ING FOR THE TAXABLE YEAR IS AT LEAST TWO-THIRDS OF EXCESS FEDERAL GROSS

1 INCOME. THE TERM "ELIGIBLE FARMER" ALSO INCLUDES A CORPORATION OTHER
2 THAN THE TAXPAYER OF RECORD FOR QUALIFIED AGRICULTURAL LAND WHICH HAS
3 PAID THE SCHOOL DISTRICT PROPERTY TAXES ON SUCH LAND PURSUANT TO A
4 CONTRACT FOR THE FUTURE PURCHASE OF SUCH LAND; PROVIDED THAT SUCH CORPO-
5 RATION HAS A FEDERAL GROSS INCOME FROM FARMING FOR THE TAXABLE YEAR
6 WHICH IS AT LEAST TWO-THIRDS OF EXCESS FEDERAL GROSS INCOME; AND
7 PROVIDED FURTHER THAT, IN DETERMINING SUCH INCOME ELIGIBILITY, A TAXPAY-
8 ER MAY, FOR ANY TAXABLE YEAR, USE THE AVERAGE OF SUCH FEDERAL GROSS
9 INCOME FROM FARMING FOR THAT TAXABLE YEAR AND SUCH INCOME FOR THE TWO
10 CONSECUTIVE TAXABLE YEARS IMMEDIATELY PRECEDING SUCH TAXABLE YEAR.
11 EXCESS FEDERAL GROSS INCOME MEANS THE AMOUNT OF FEDERAL GROSS INCOME
12 FROM ALL SOURCES FOR THE TAXABLE YEAR IN EXCESS OF THIRTY THOUSAND
13 DOLLARS. FOR THE PURPOSES OF THIS PARAGRAPH, PAYMENTS FROM THE STATE'S
14 FARMLAND PROTECTION PROGRAM, ADMINISTERED BY THE DEPARTMENT OF AGRICUL-
15 TURE AND MARKETS, SHALL BE INCLUDED AS FEDERAL GROSS INCOME FROM FARMING
16 FOR OTHERWISE ELIGIBLE FARMERS.

17 (C) SCHOOL DISTRICT PROPERTY TAXES. FOR PURPOSES OF THIS SUBDIVISION,
18 THE TERM "SCHOOL DISTRICT PROPERTY TAXES" MEANS ALL PROPERTY TAXES,
19 SPECIAL AD VALOREM LEVIES AND SPECIAL ASSESSMENTS, EXCLUSIVE OF PENAL-
20 TIES AND INTEREST, LEVIED FOR SCHOOL DISTRICT PURPOSES ON THE QUALIFIED
21 AGRICULTURAL PROPERTY OWNED BY THE TAXPAYER.

22 (D) QUALIFIED AGRICULTURAL PROPERTY. FOR PURPOSES OF THIS SUBDIVISION,
23 THE TERM "QUALIFIED AGRICULTURAL PROPERTY" MEANS LAND LOCATED IN THIS
24 STATE WHICH IS USED IN AGRICULTURAL PRODUCTION, AND LAND IMPROVEMENTS,
25 STRUCTURES AND BUILDINGS (EXCLUDING BUILDINGS USED FOR THE TAXPAYER'S
26 RESIDENTIAL PURPOSE) LOCATED ON SUCH LAND WHICH ARE USED OR OCCUPIED TO
27 CARRY OUT SUCH PRODUCTION. QUALIFIED AGRICULTURAL PROPERTY ALSO INCLUDES
28 LAND SET ASIDE OR RETIRED UNDER A FEDERAL SUPPLY MANAGEMENT OR SOIL
29 CONSERVATION PROGRAM OR LAND THAT AT THE TIME IT BECOMES SUBJECT TO A
30 CONSERVATION EASEMENT MET THE REQUIREMENTS UNDER THIS PARAGRAPH.

31 (E) ACREAGE LIMITATION. (I) ELIGIBLE TAXES. IN THE EVENT THAT THE
32 QUALIFIED AGRICULTURAL PROPERTY OWNED BY THE TAXPAYER INCLUDES LAND IN
33 EXCESS OF THE BASE ACREAGE AS PROVIDED IN THIS PARAGRAPH, THE AMOUNT OF
34 SCHOOL DISTRICT PROPERTY TAXES ELIGIBLE FOR CREDIT UNDER THIS SUBDIVI-
35 SION SHALL BE THAT PORTION OF THE SCHOOL DISTRICT PROPERTY TAXES WHICH
36 BEARS THE SAME RATIO TO THE TOTAL SCHOOL DISTRICT PROPERTY TAXES PAID
37 DURING THE TAXABLE YEAR, AS THE ACREAGE ALLOWABLE UNDER THIS PARAGRAPH
38 BEARS TO THE ENTIRE ACREAGE OF SUCH LAND.

39 (II) ALLOWABLE ACREAGE. THE ALLOWABLE ACREAGE IS THE SUM OF THE BASE
40 ACREAGE SET FORTH BELOW AND FIFTY PERCENT OF THE INCREMENTAL ACREAGE.
41 THE INCREMENTAL ACREAGE IS THE EXCESS OF THE ENTIRE ACREAGE OF QUALIFIED
42 AGRICULTURAL LAND OWNED BY THE TAXPAYER OVER THE BASE ACREAGE. EXCEPT AS
43 PROVIDED IN SUBPARAGRAPH (III) OF THIS PARAGRAPH, THE BASE ACREAGE IS
44 THREE HUNDRED FIFTY ACRES.

45 THE TOTAL BASE ACREAGE MAY BE INCREASED BY ANY ACREAGE ENROLLED OR
46 PARTICIPATING DURING THE TAXABLE YEAR IN A FEDERAL ENVIRONMENTAL CONSER-
47 VATION ACREAGE RESERVE PROGRAM PURSUANT TO TITLE THREE OF THE FEDERAL
48 AGRICULTURE IMPROVEMENT AND REFORM ACT OF NINETEEN HUNDRED NINETY-SIX.

49 (III) BASE ACREAGE OF RELATED PERSONS. WHERE THE TAXPAYER AND ONE OR
50 MORE RELATED PERSONS EACH OWN QUALIFIED AGRICULTURAL PROPERTY ON THE
51 FIRST DAY OF MARCH OF ANY YEAR, THE BASE ACREAGE UNDER SUBPARAGRAPH (II)
52 OF THIS PARAGRAPH SHALL BE DIVIDED EQUALLY AND ALLOTTED AMONG THE
53 TAXPAYER AND SUCH RELATED PERSONS, AND THE TAXPAYER'S BASE ACREAGE FOR
54 THE TAXABLE YEAR WHICH INCLUDES SUCH MARCH FIRST SHALL BE LIMITED TO ITS
55 ALLOTTED SHARE. PROVIDED, HOWEVER, IF THE TAXPAYER AND ALL SUCH RELATED
56 PERSONS CONSENT (AT SUCH TIME AND IN SUCH MANNER AS THE COMMISSIONER MAY

1 PRESCRIBE) TO AN UNEQUAL DIVISION, THE TAXPAYER'S BASE ACREAGE FOR SUCH
2 TAXABLE YEAR SHALL BE LIMITED TO ITS ALLOTTED SHARE UNDER SUCH UNEQUAL
3 DIVISION.

4 (IV) RELATED PERSONS. (A) FOR PURPOSES OF SUBPARAGRAPH (III) OF THIS
5 PARAGRAPH, THE TERM "RELATED PERSON" MEANS:

6 (I) A CORPORATION SUBJECT TO TAX UNDER THIS ARTICLE, WHERE THE TAXPAY-
7 ER AND THE CORPORATION ARE MEMBERS OF THE SAME CONTROLLED GROUP, AS
8 DEFINED IN SECTION 267(F) OF THE INTERNAL REVENUE CODE;

9 (II) AN INDIVIDUAL, PARTNERSHIP, ESTATE OR TRUST, WHERE MORE THAN
10 FIFTY PERCENT IN VALUE OF THE OUTSTANDING STOCK OF THE TAXPAYER IS
11 OWNED, DIRECTLY OR INDIRECTLY, BY OR FOR SUCH INDIVIDUAL, PARTNERSHIP,
12 ESTATE OR TRUST OR BY OR FOR THE GRANTOR OF SUCH TRUST;

13 (III) A CORPORATION SUBJECT TO TAX UNDER THIS ARTICLE, OR A PARTNER-
14 SHIP, ESTATE OR TRUST, IF THE SAME PERSON OWNS MORE THAN FIFTY PERCENT
15 IN VALUE OF THE OUTSTANDING STOCK OF THE TAXPAYER AND MORE THAN FIFTY
16 PERCENT IN VALUE OF THE OUTSTANDING STOCK OF THE CORPORATION, OR MORE
17 THAN FIFTY PERCENT OF THE CAPITAL OR PROFITS INTEREST IN THE PARTNER-
18 SHIP, OR MORE THAN FIFTY PERCENT OF THE BENEFICIAL INTEREST IN THE
19 ESTATE OR TRUST;

20 (IV) A PARTNERSHIP, ESTATE OR TRUST OF WHICH THE TAXPAYER OWNS,
21 DIRECTLY OR INDIRECTLY, MORE THAN FIFTY PERCENT OF THE CAPITAL, PROFITS
22 OR BENEFICIAL INTEREST.

23 (B) IN DETERMINING WHETHER A PERSON IS A RELATED PERSON WITHIN THE
24 MEANING OF THIS SUBPARAGRAPH:

25 (I) STOCK OWNED, DIRECTLY OR INDIRECTLY, BY OR FOR A CORPORATION,
26 PARTNERSHIP, ESTATE OR TRUST SHALL BE CONSIDERED AS BEING OWNED PROPOR-
27 TIONATELY BY OR FOR ITS SHAREHOLDERS, PARTNERS OR BENEFICIARIES;

28 (II) AN INDIVIDUAL SHALL BE CONSIDERED AS OWNING THE STOCK OWNED,
29 DIRECTLY OR INDIRECTLY, BY OR FOR HIS SPOUSE;

30 (III) STOCK CONSTRUCTIVELY OWNED BY A PERSON BY REASON OF THE APPLICA-
31 TION OF ITEM (I) OF THIS CLAUSE SHALL, FOR THE PURPOSE OF APPLYING ITEM
32 (I) OR (II) OF THIS CLAUSE, BE TREATED AS ACTUALLY OWNED BY SUCH PERSON.

33 (F) INCOME LIMITATION. (I) IN THE EVENT THAT THE MODIFIED ENTIRE NET
34 INCOME OF THE TAXPAYER EXCEEDS TWO HUNDRED THOUSAND DOLLARS, THE ALLOW-
35 ABLE SCHOOL DISTRICT PROPERTY TAXES UNDER PARAGRAPH (A) OF THIS SUBDIVI-
36 SION SHALL BE THE ELIGIBLE TAXES UNDER SUBPARAGRAPH (I) OF PARAGRAPH (E)
37 OF THIS SUBDIVISION REDUCED BY THE PRODUCT OF THE AMOUNT OF SUCH ELIGI-
38 BLE TAXES AND A PERCENTAGE, SUCH PERCENTAGE TO BE DETERMINED BY MULTI-
39 PLYING ONE HUNDRED PERCENT BY A FRACTION, THE NUMERATOR OF WHICH IS THE
40 LESSER OF ONE HUNDRED THOUSAND DOLLARS OR THE EXCESS OF THE TAXPAYER'S
41 MODIFIED ENTIRE NET INCOME OVER TWO HUNDRED THOUSAND DOLLARS AND THE
42 DENOMINATOR OF WHICH IS ONE HUNDRED THOUSAND DOLLARS. FOR PURPOSES OF
43 THE PRECEDING SENTENCE, THE TERM "ELIGIBLE TAXES", WHERE THE ACREAGE
44 LIMITATION OF PARAGRAPH (E) OF THIS SUBDIVISION DOES NOT APPLY, SHALL
45 MEAN THE TOTAL SCHOOL DISTRICT PROPERTY TAXES PAID DURING THE TAXABLE
46 YEAR.

47 (II) THE TERM "MODIFIED ENTIRE NET INCOME" MEANS THE ENTIRE NET INCOME
48 FOR THE TAXABLE YEAR REDUCED BY THE AMOUNT OF PRINCIPAL PAID ON FARM
49 INDEBTEDNESS DURING THE TAXABLE YEAR. THE TERM "FARM INDEBTEDNESS" MEANS
50 DEBT INCURRED OR REFINANCED WHICH IS SECURED BY FARM PROPERTY, WHERE THE
51 PROCEEDS OF THE DEBT ARE DISBURSED FOR EXPENDITURES INCURRED IN THE
52 BUSINESS OF FARMING.

53 (G) CARRYOVER. IN NO EVENT SHALL THE CREDIT PROVIDED HEREIN BE ALLOWED
54 IN AN AMOUNT WHICH WILL REDUCE THE TAX PAYABLE TO LESS THAN THE FIXED
55 DOLLAR MINIMUM AMOUNT PRESCRIBED IN PARAGRAPH (D) OF SUBDIVISION ONE OF
56 SECTION TWO HUNDRED TEN OF THIS ARTICLE. IF, HOWEVER, THE AMOUNT OF

1 CREDIT ALLOWABLE UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR REDUCES THE
2 TAX TO SUCH AMOUNT OR IF THE TAXPAYER OTHERWISE PAYS TAX BASED ON THE
3 FIXED DOLLAR MINIMUM AMOUNT, ANY AMOUNT OF CREDIT NOT DEDUCTIBLE IN SUCH
4 TAXABLE YEAR MAY BE CARRIED OVER TO THE FOLLOWING YEAR OR YEARS AND MAY
5 BE DEDUCTED FROM THE TAXPAYER'S TAX FOR SUCH YEAR OR YEARS. PROVIDED,
6 HOWEVER, IN LIEU OF CARRYING OVER THE UNUSED PORTION OF SUCH CREDIT, THE
7 TAXPAYER MAY ELECT TO TREAT SUCH UNUSED PORTION AS AN OVERPAYMENT OF TAX
8 TO BE CREDITED OR REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF SECTION
9 ONE THOUSAND EIGHTY-SIX OF THIS CHAPTER EXCEPT THAT NO INTEREST SHALL BE
10 PAID ON SUCH OVERPAYMENT.

11 (H) NONQUALIFIED USE. (I) NO CREDIT IN CONVERSION YEAR. IN THE EVENT
12 THAT QUALIFIED AGRICULTURAL PROPERTY IS CONVERTED BY THE TAXPAYER TO
13 NONQUALIFIED USE, CREDIT UNDER THIS SUBDIVISION SHALL NOT BE ALLOWED
14 WITH RESPECT TO SUCH PROPERTY FOR THE TAXABLE YEAR OF CONVERSION (THE
15 CONVERSION YEAR).

16 (II) CREDIT RECAPTURE. IF THE CONVERSION BY THE TAXPAYER OF QUALIFIED
17 AGRICULTURAL PROPERTY TO NONQUALIFIED USE OCCURS DURING THE PERIOD OF
18 THE TWO TAXABLE YEARS FOLLOWING THE TAXABLE YEAR FOR WHICH THE CREDIT
19 UNDER THIS SUBDIVISION WAS FIRST CLAIMED WITH RESPECT TO SUCH PROPERTY,
20 THE CREDIT ALLOWED WITH RESPECT TO SUCH PROPERTY FOR THE TAXABLE YEARS
21 PRIOR TO THE CONVERSION YEAR MUST BE ADDED BACK IN THE CONVERSION YEAR.
22 WHERE THE PROPERTY CONVERTED INCLUDES LAND, AND WHERE THE CONVERSION IS
23 OF ONLY A PORTION OF SUCH LAND, THE CREDIT ALLOWED WITH RESPECT TO THE
24 PROPERTY CONVERTED SHALL BE DETERMINED BY MULTIPLYING THE ENTIRE CREDIT
25 UNDER THIS SUBDIVISION FOR THE TAXABLE YEARS PRIOR TO THE CONVERSION
26 YEAR BY A FRACTION, THE NUMERATOR OF WHICH IS THE ACREAGE CONVERTED AND
27 THE DENOMINATOR OF WHICH IS THE ENTIRE ACREAGE OF SUCH LAND OWNED BY THE
28 TAXPAYER IMMEDIATELY PRIOR TO THE CONVERSION.

29 (III) EXCEPTION TO RECAPTURE. SUBPARAGRAPH (II) OF THIS PARAGRAPH
30 SHALL NOT APPLY TO THE CONVERSION OF PROPERTY WHERE THE CONVERSION IS BY
31 REASON OF INVOLUNTARY CONVERSION, WITHIN THE MEANING OF SECTION ONE
32 THOUSAND THIRTY-THREE OF THE INTERNAL REVENUE CODE.

33 (IV) CONVERSION TO NONQUALIFIED USE. FOR PURPOSES OF THIS PARAGRAPH, A
34 SALE OR OTHER DISPOSITION OF QUALIFIED AGRICULTURAL PROPERTY ALONE SHALL
35 NOT CONSTITUTE A CONVERSION TO A NONQUALIFIED USE.

36 (I) SPECIAL RULES. FOR PURPOSES OF THIS SUBDIVISION, THE TERM "FEDERAL
37 GROSS INCOME FROM FARMING" SHALL INCLUDE GROSS INCOME FROM THE
38 PRODUCTION OF MAPLE SYRUP, CIDER, CHRISTMAS TREES DERIVED FROM A MANAGED
39 CHRISTMAS TREE OPERATION WHETHER DUG FOR TRANSPLANTING OR CUT FROM THE
40 STUMP, OR FROM A COMMERCIAL HORSE BOARDING OPERATION AS DEFINED IN
41 SUBDIVISION THIRTEEN OF SECTION THREE HUNDRED ONE OF THE AGRICULTURE AND
42 MARKETS LAW, OR FROM THE SALE OF WINE FROM A LICENSED FARM WINERY AS
43 PROVIDED FOR IN ARTICLE SIX OF THE ALCOHOLIC BEVERAGE CONTROL LAW, OR
44 FROM THE SALE OF CIDER FROM A LICENSED FARM CIDERY AS PROVIDED FOR IN
45 SECTION FIFTY-EIGHT-C OF THE ALCOHOLIC BEVERAGE CONTROL LAW.

46 (J) ELECTION TO DEEM GROSS INCOME OF NEW YORK C CORPORATION TO SHARE-
47 HOLDERS. FOR PURPOSES OF THIS SUBDIVISION, FEDERAL GROSS INCOME FROM
48 FARMING SHALL BE ZERO FOR ANY TAXABLE YEAR OF A NEW YORK C CORPORATION
49 FOR WHICH THE ELECTION UNDER PARAGRAPH NINE OF SUBSECTION (N) OF SECTION
50 SIX HUNDRED SIX OF THIS CHAPTER IS IN EFFECT.

51 12. CREDIT FOR EMPLOYMENT OF PERSONS WITH DISABILITIES. (A) ALLOWANCE
52 OF CREDIT. A TAXPAYER SHALL BE ALLOWED A CREDIT, TO BE COMPUTED AS HERE-
53 INAFTER PROVIDED, AGAINST THE TAX IMPOSED BY THIS ARTICLE, FOR EMPLOYING
54 WITHIN THE STATE A QUALIFIED EMPLOYEE.

55 (B) QUALIFIED EMPLOYEE. A QUALIFIED EMPLOYEE IS AN INDIVIDUAL:

(1) WHO IS CERTIFIED BY THE EDUCATION DEPARTMENT, OR IN THE CASE OF AN INDIVIDUAL WHO IS BLIND OR VISUALLY HANDICAPPED, BY THE STATE AGENCY RESPONSIBLE FOR PROVISION OF VOCATIONAL REHABILITATION SERVICES TO THE BLIND AND VISUALLY HANDICAPPED: (I) AS A PERSON WITH A DISABILITY WHICH CONSTITUTES OR RESULTS IN A SUBSTANTIAL HANDICAP TO EMPLOYMENT AND (II) AS HAVING COMPLETED OR AS RECEIVING SERVICES UNDER AN INDIVIDUALIZED WRITTEN REHABILITATION PLAN APPROVED BY THE EDUCATION DEPARTMENT OR OTHER STATE AGENCY RESPONSIBLE FOR PROVIDING VOCATIONAL REHABILITATION SERVICES TO SUCH INDIVIDUAL; AND

(2) WHO HAS WORKED ON A FULL-TIME BASIS FOR THE EMPLOYER WHO IS CLAIMING THE CREDIT FOR AT LEAST ONE HUNDRED EIGHTY DAYS OR FOUR HUNDRED HOURS.

(C) AMOUNT OF CREDIT. EXCEPT AS PROVIDED IN PARAGRAPH (D) OF THIS SUBDIVISION, THE AMOUNT OF CREDIT SHALL BE THIRTY-FIVE PERCENT OF THE FIRST SIX THOUSAND DOLLARS IN QUALIFIED FIRST-YEAR WAGES EARNED BY EACH QUALIFIED EMPLOYEE. "QUALIFIED FIRST-YEAR WAGES" MEANS WAGES PAID OR INCURRED BY THE TAXPAYER DURING THE TAXABLE YEAR TO QUALIFIED EMPLOYEES WHICH ARE ATTRIBUTABLE, WITH RESPECT TO ANY SUCH EMPLOYEE, TO SERVICES RENDERED DURING THE ONE-YEAR PERIOD BEGINNING WITH THE DAY THE EMPLOYEE BEGINS WORK FOR THE TAXPAYER.

(D) CREDIT WHERE FEDERAL WORK OPPORTUNITY TAX CREDIT APPLIES. WITH RESPECT TO ANY QUALIFIED EMPLOYEE WHOSE QUALIFIED FIRST-YEAR WAGES UNDER PARAGRAPH (C) OF THIS SUBDIVISION ALSO CONSTITUTE QUALIFIED FIRST-YEAR WAGES FOR PURPOSES OF THE WORK OPPORTUNITY TAX CREDIT FOR VOCATIONAL REHABILITATION REFERRALS UNDER SECTION FIFTY-ONE OF THE INTERNAL REVENUE CODE, THE AMOUNT OF CREDIT UNDER THIS SUBDIVISION SHALL BE THIRTY-FIVE PERCENT OF THE FIRST SIX THOUSAND DOLLARS IN QUALIFIED SECOND-YEAR WAGES EARNED BY EACH SUCH EMPLOYEE. "QUALIFIED SECOND-YEAR WAGES" MEANS WAGES PAID OR INCURRED BY THE TAXPAYER DURING THE TAXABLE YEAR TO QUALIFIED EMPLOYEES WHICH ARE ATTRIBUTABLE, WITH RESPECT TO ANY SUCH EMPLOYEE, TO SERVICES RENDERED DURING THE ONE-YEAR PERIOD BEGINNING ONE YEAR AFTER THE EMPLOYEE BEGINS WORK FOR THE TAXPAYER.

(E) CARRYOVER. THE CREDIT ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR SHALL NOT REDUCE THE TAX DUE FOR SUCH YEAR TO LESS THAN THE FIXED DOLLAR MINIMUM AMOUNT PRESCRIBED IN PARAGRAPH (D) OF SUBDIVISION ONE OF SECTION TWO HUNDRED TEN OF THIS CHAPTER. HOWEVER, IF THE AMOUNT OF CREDIT ALLOWABLE UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR REDUCES THE TAX TO SUCH AMOUNT OR IF THE TAXPAYER OTHERWISE PAYS TAX BASED ON THE FIXED DOLLAR MINIMUM AMOUNT, ANY AMOUNT OF CREDIT NOT DEDUCTIBLE IN SUCH TAXABLE YEAR MAY BE CARRIED OVER TO THE FOLLOWING YEAR OR YEARS, AND MAY BE DEDUCTED FROM THE TAXPAYER'S TAX FOR SUCH YEAR OR YEARS.

(F) COORDINATION WITH FEDERAL WORK OPPORTUNITY TAX CREDIT. THE PROVISIONS OF SECTION FIFTY-ONE AND FIFTY-TWO OF THE INTERNAL REVENUE CODE, AS SUCH SECTIONS APPLIED ON OCTOBER FIRST, NINETEEN HUNDRED NINETY-SIX, THAT APPLY TO THE FEDERAL WORK OPPORTUNITY TAX CREDIT FOR VOCATIONAL REHABILITATION REFERRALS SHALL APPLY TO THE CREDIT UNDER THIS SUBDIVISION TO THE EXTENT THAT SUCH SECTIONS ARE CONSISTENT WITH THE SPECIFIC PROVISIONS OF THIS SUBDIVISION, PROVIDED THAT IN THE EVENT OF A CONFLICT THE PROVISIONS OF THIS SUBDIVISION SHALL CONTROL.

13. CREDIT FOR PURCHASE OF AN AUTOMATED EXTERNAL DEFIBRILLATOR. A TAXPAYER SHALL BE ALLOWED A CREDIT, TO BE COMPUTED AS HEREINAFTER PROVIDED, AGAINST THE TAX IMPOSED BY THIS ARTICLE, FOR THE PURCHASE, OTHER THAN FOR RESALE, OF AN AUTOMATED EXTERNAL DEFIBRILLATOR, AS SUCH TERM IS DEFINED IN SECTION THREE THOUSAND-B OF THE PUBLIC HEALTH LAW. THE AMOUNT OF CREDIT SHALL BE THE COST TO THE TAXPAYER OF AUTOMATED EXTERNAL DEFIBRILLATORS PURCHASED DURING THE TAXABLE YEAR, SUCH CREDIT

1 NOT TO EXCEED FIVE HUNDRED DOLLARS WITH RESPECT TO EACH UNIT PURCHASED.
2 THE CREDIT ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR SHALL NOT
3 REDUCE THE TAX DUE FOR SUCH YEAR TO LESS THAN THE FIXED DOLLAR MINIMUM
4 AMOUNT PRESCRIBED IN PARAGRAPH (D) OF SUBDIVISION ONE OF SECTION TWO
5 HUNDRED TEN OF THIS CHAPTER.

6 14. CREDIT FOR PURCHASE OF LONG-TERM CARE INSURANCE. (A) GENERAL. A
7 TAXPAYER SHALL BE ALLOWED A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTI-
8 CLE EQUAL TO TWENTY PERCENT OF THE PREMIUM PAID DURING THE TAXABLE YEAR
9 FOR LONG-TERM CARE INSURANCE. IN ORDER TO QUALIFY FOR SUCH CREDIT, THE
10 TAXPAYER'S PREMIUM PAYMENT MUST BE FOR THE PURCHASE OF OR FOR CONTINUING
11 COVERAGE UNDER A LONG-TERM CARE INSURANCE POLICY THAT QUALIFIES FOR SUCH
12 CREDIT PURSUANT TO SECTION ONE THOUSAND ONE HUNDRED SEVENTEEN OF THE
13 INSURANCE LAW.

14 (B) CARRYOVER. THE CREDIT ALLOWED UNDER THIS SUBDIVISION FOR ANY YEAR
15 SHALL NOT REDUCE THE TAX DUE FOR SUCH YEAR TO LESS THAN THE FIXED DOLLAR
16 MINIMUM AMOUNT PRESCRIBED IN PARAGRAPH (D) OF SUBDIVISION ONE OF SECTION
17 TWO HUNDRED TEN OF THIS ARTICLE. IF, HOWEVER, THE AMOUNT OF CREDIT
18 ALLOWABLE UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR REDUCES THE TAX TO
19 SUCH AMOUNT OR IF THE TAXPAYER OTHERWISE PAYS TAX BASED ON THE FIXED
20 DOLLAR MINIMUM AMOUNT, ANY AMOUNT OF CREDIT NOT DEDUCTIBLE IN SUCH TAXA-
21 BLE YEAR MAY BE CARRIED OVER TO THE FOLLOWING YEAR OR YEARS AND MAY BE
22 DEDUCTED FROM THE TAXPAYER'S TAX FOR SUCH YEAR OR YEARS.

23 15. LOW-INCOME HOUSING CREDIT. (A) ALLOWANCE OF CREDIT. A TAXPAYER
24 SHALL BE ALLOWED A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE WITH
25 RESPECT TO THE OWNERSHIP OF ELIGIBLE LOW-INCOME BUILDINGS, COMPUTED AS
26 PROVIDED IN SECTION EIGHTEEN OF THIS CHAPTER.

27 (B) APPLICATION OF CREDIT. THE CREDIT AND CARRYOVERS OF SUCH CREDIT
28 ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR SHALL NOT, IN THE
29 AGGREGATE, REDUCE THE TAX DUE FOR SUCH YEAR TO LESS THAN THE FIXED
30 DOLLAR MINIMUM AMOUNT PRESCRIBED IN PARAGRAPH (D) OF SUBDIVISION ONE OF
31 SECTION TWO HUNDRED TEN OF THIS ARTICLE. HOWEVER, IF THE AMOUNT OF CRED-
32 IT OR CARRYOVERS OF SUCH CREDIT, OR BOTH, ALLOWED UNDER THIS SUBDIVISION
33 FOR ANY TAXABLE YEAR REDUCES THE TAX TO SUCH AMOUNT OR IF THE TAXPAYER
34 OTHERWISE PAYS TAX BASED ON THE FIXED DOLLAR MINIMUM AMOUNT, ANY AMOUNT
35 OF CREDIT OR CARRYOVERS OF SUCH CREDIT THUS NOT DEDUCTIBLE IN SUCH TAXA-
36 BLE YEAR MAY BE CARRIED OVER TO THE FOLLOWING YEAR OR YEARS AND MAY BE
37 DEDUCTED FROM THE TAX FOR SUCH YEAR OR YEARS.

38 (C) CREDIT RECAPTURE. FOR PROVISIONS REQUIRING RECAPTURE OF CREDIT,
39 SEE SUBDIVISION (B) OF SECTION EIGHTEEN OF THIS CHAPTER.

40 16. GREEN BUILDING CREDIT. (A) ALLOWANCE OF CREDIT. A TAXPAYER SHALL
41 BE ALLOWED A CREDIT, TO BE COMPUTED AS PROVIDED IN SECTION NINETEEN OF
42 THIS CHAPTER, AGAINST THE TAX IMPOSED BY THIS ARTICLE.

43 (B) CARRYOVERS. THE CREDIT AND CARRYOVERS OF SUCH CREDIT ALLOWED UNDER
44 THIS SUBDIVISION FOR ANY TAXABLE YEAR SHALL NOT, IN THE AGGREGATE,
45 REDUCE THE TAX DUE FOR SUCH YEAR TO LESS THAN THE FIXED DOLLAR MINIMUM
46 AMOUNT PRESCRIBED IN PARAGRAPH (D) OF SUBDIVISION ONE OF SECTION TWO
47 HUNDRED TEN OF THIS ARTICLE. HOWEVER, IF THE AMOUNT OF CREDIT OR CARRY-
48 OVERS OF SUCH CREDIT, OR BOTH, ALLOWED UNDER THIS SUBDIVISION FOR ANY
49 TAXABLE YEAR REDUCES THE TAX TO SUCH AMOUNT OR IF THE TAXPAYER OTHERWISE
50 PAYS TAX BASED ON THE FIXED DOLLAR MINIMUM AMOUNT, ANY AMOUNT OF CREDIT
51 OR CARRYOVERS OF SUCH CREDIT THUS NOT DEDUCTIBLE IN SUCH TAXABLE YEAR
52 MAY BE CARRIED OVER TO THE FOLLOWING YEAR OR YEARS AND MAY BE DEDUCTED
53 FROM THE TAX FOR SUCH YEAR OR YEARS.

54 17. BROWNFIELD REDEVELOPMENT TAX CREDIT. (A) ALLOWANCE OF CREDIT. A
55 TAXPAYER SHALL BE ALLOWED A CREDIT, TO BE COMPUTED AS PROVIDED IN

1 SECTION TWENTY-ONE OF THIS CHAPTER, AGAINST THE TAX IMPOSED BY THIS
2 ARTICLE.

3 (B) APPLICATION OF CREDIT. THE CREDIT ALLOWED UNDER THIS SUBDIVISION
4 FOR ANY TAXABLE YEAR SHALL NOT REDUCE THE TAX DUE FOR SUCH YEAR TO LESS
5 THAN THE FIXED DOLLAR MINIMUM AMOUNT PRESCRIBED IN PARAGRAPH (D) OF
6 SUBDIVISION ONE OF SECTION TWO HUNDRED TEN OF THIS ARTICLE. HOWEVER, IF
7 THE AMOUNT OF CREDITS ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXABLE
8 YEAR REDUCES THE TAX TO SUCH AMOUNT OR IF THE TAXPAYER OTHERWISE PAYS
9 TAX BASED ON THE FIXED DOLLAR MINIMUM AMOUNT, ANY AMOUNT OF CREDIT THUS
10 NOT DEDUCTIBLE IN SUCH TAXABLE YEAR SHALL BE TREATED AS AN OVERPAYMENT
11 OF TAX TO BE CREDITED OR REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF
12 SECTION ONE THOUSAND EIGHTY-SIX OF THIS CHAPTER. PROVIDED, HOWEVER, THE
13 PROVISIONS OF SUBSECTION (C) OF SECTION ONE THOUSAND EIGHTY-EIGHT OF
14 THIS CHAPTER NOTWITHSTANDING, NO INTEREST SHALL BE PAID THEREON.

15 18. REMEDIATED BROWNFIELD CREDIT FOR REAL PROPERTY TAXES FOR QUALIFIED
16 SITES. (A) ALLOWANCE OF CREDIT. A TAXPAYER WHICH IS A DEVELOPER OF A
17 QUALIFIED SITE SHALL BE ALLOWED A CREDIT FOR ELIGIBLE REAL PROPERTY
18 TAXES, TO BE COMPUTED AS PROVIDED IN SUBDIVISION (B) OF SECTION TWENTY-
19 TWO OF THIS CHAPTER, AGAINST THE TAX IMPOSED BY THIS ARTICLE. FOR
20 PURPOSES OF THIS SUBDIVISION, THE TERMS "QUALIFIED SITE" AND "DEVELOPER"
21 SHALL HAVE THE SAME MEANING AS SET FORTH IN PARAGRAPHS TWO AND THREE,
22 RESPECTIVELY, OF SUBDIVISION (A) OF SECTION TWENTY-TWO OF THIS CHAPTER.

23 (B) APPLICATION OF CREDIT. THE CREDIT ALLOWED UNDER THIS SUBDIVISION
24 FOR ANY TAXABLE YEAR SHALL NOT REDUCE THE TAX DUE FOR SUCH YEAR TO LESS
25 THAN THE FIXED DOLLAR MINIMUM AMOUNT PRESCRIBED IN PARAGRAPH (D) OF
26 SUBDIVISION ONE OF SECTION TWO HUNDRED TEN OF THIS ARTICLE. HOWEVER, IF
27 THE AMOUNT OF CREDIT ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR
28 REDUCES THE TAX TO SUCH AMOUNT OR IF THE TAXPAYER OTHERWISE PAYS TAX
29 BASED ON THE FIXED DOLLAR MINIMUM AMOUNT, ANY AMOUNT OF CREDIT THUS NOT
30 DEDUCTIBLE IN SUCH TAXABLE YEAR SHALL BE TREATED AS AN OVERPAYMENT OF
31 TAX TO BE CREDITED OR REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF
32 SECTION ONE THOUSAND EIGHTY-SIX OF THIS CHAPTER. PROVIDED, HOWEVER, THE
33 PROVISIONS OF SUBSECTION (C) OF SECTION ONE THOUSAND EIGHTY-EIGHT OF
34 THIS CHAPTER NOTWITHSTANDING, NO INTEREST SHALL BE PAID THEREON.

35 19. ENVIRONMENTAL REMEDIATION INSURANCE CREDIT. (A) ALLOWANCE OF CRED-
36 IT. A TAXPAYER SHALL BE ALLOWED A CREDIT, TO BE COMPUTED AS PROVIDED IN
37 SECTION TWENTY-THREE OF THIS CHAPTER, AGAINST THE TAX IMPOSED BY THIS
38 ARTICLE.

39 (B) APPLICATION OF CREDIT. THE CREDIT ALLOWED UNDER THIS SUBDIVISION
40 FOR ANY TAXABLE YEAR SHALL NOT REDUCE THE TAX DUE FOR SUCH YEAR TO LESS
41 THAN THE FIXED DOLLAR MINIMUM AMOUNT PRESCRIBED IN PARAGRAPH (D) OF
42 SUBDIVISION ONE OF SECTION TWO HUNDRED TEN OF THIS ARTICLE. HOWEVER, IF
43 THE AMOUNT OF CREDITS ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXABLE
44 YEAR REDUCES THE TAX TO SUCH AMOUNT OR IF THE TAXPAYER OTHERWISE PAYS
45 TAX BASED ON THE FIXED DOLLAR MINIMUM AMOUNT, ANY AMOUNT OF CREDIT THUS
46 NOT DEDUCTIBLE IN SUCH TAXABLE YEAR SHALL BE TREATED AS AN OVERPAYMENT
47 OF TAX TO BE CREDITED OR REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF
48 SECTION ONE THOUSAND EIGHTY-SIX OF THIS CHAPTER. PROVIDED, HOWEVER, THE
49 PROVISIONS OF SUBSECTION (C) OF SECTION ONE THOUSAND EIGHTY-EIGHT OF
50 THIS CHAPTER NOTWITHSTANDING, NO INTEREST SHALL BE PAID THEREON.

51 20. EMPIRE STATE FILM PRODUCTION CREDIT. (A) ALLOWANCE OF CREDIT. A
52 TAXPAYER WHO IS ELIGIBLE PURSUANT TO SECTION TWENTY-FOUR OF THIS CHAPTER
53 SHALL BE ALLOWED A CREDIT TO BE COMPUTED AS PROVIDED IN SUCH SECTION
54 TWENTY-FOUR AGAINST THE TAX IMPOSED BY THIS ARTICLE.

55 (B) APPLICATION OF CREDIT. THE CREDIT ALLOWED UNDER THIS SUBDIVISION
56 FOR ANY TAXABLE YEAR SHALL NOT REDUCE THE TAX DUE FOR SUCH YEAR TO LESS

1 THAN THE FIXED DOLLAR MINIMUM AMOUNT PRESCRIBED IN PARAGRAPH (D) OF
2 SUBDIVISION ONE OF SECTION TWO HUNDRED TEN OF THIS ARTICLE. PROVIDED,
3 HOWEVER, THAT IF THE AMOUNT OF THE CREDIT ALLOWABLE UNDER THIS SUBDIVI-
4 SION FOR ANY TAXABLE YEAR REDUCES THE TAX TO SUCH AMOUNT OR IF THE
5 TAXPAYER OTHERWISE PAYS TAX BASED ON THE FIXED DOLLAR MINIMUM AMOUNT,
6 THE EXCESS SHALL BE TREATED AS AN OVERPAYMENT OF TAX TO BE CREDITED OR
7 REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF SECTION ONE THOUSAND
8 EIGHTY-SIX OF THIS CHAPTER. PROVIDED, HOWEVER, THE PROVISIONS OF
9 SUBSECTION (C) OF SECTION ONE THOUSAND EIGHTY-EIGHT OF THIS CHAPTER
10 NOTWITHSTANDING, NO INTEREST SHALL BE PAID THEREON.

11 21. SECURITY TRAINING TAX CREDIT. (A) ALLOWANCE OF CREDIT. A TAXPAYER
12 SHALL BE ALLOWED A CREDIT, TO BE COMPUTED AS PROVIDED IN SECTION TWEN-
13 TY-SIX OF THIS CHAPTER, AGAINST THE TAX IMPOSED BY THIS ARTICLE.

14 (B) APPLICATION OF CREDIT. THE CREDIT ALLOWED UNDER THIS SUBDIVISION
15 FOR ANY TAXABLE YEAR SHALL NOT REDUCE THE TAX DUE FOR SUCH YEAR TO LESS
16 THAN THE FIXED DOLLAR MINIMUM AMOUNT PRESCRIBED IN PARAGRAPH (D) OF
17 SUBDIVISION ONE OF SECTION TWO HUNDRED TEN OF THIS CHAPTER. HOWEVER, IF
18 THE AMOUNT OF CREDITS ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXABLE
19 YEAR REDUCES THE TAX TO SUCH AMOUNT OR IF THE TAXPAYER OTHERWISE PAYS
20 TAX BASED ON THE FIXED DOLLAR MINIMUM AMOUNT, ANY AMOUNT OF CREDIT THUS
21 NOT DEDUCTIBLE IN SUCH TAXABLE YEAR SHALL BE TREATED AS AN OVERPAYMENT
22 OF TAX TO BE CREDITED OR REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF
23 SECTION ONE THOUSAND EIGHTY-SIX OF THIS CHAPTER. PROVIDED, HOWEVER, THE
24 PROVISIONS OF SUBSECTION (C) OF SECTION ONE THOUSAND EIGHTY-EIGHT OF
25 THIS CHAPTER NOTWITHSTANDING, NO INTEREST SHALL BE PAID THEREON.

26 22. CONSERVATION EASEMENT TAX CREDIT. (A) CREDIT ALLOWED. IN THE CASE
27 OF A TAXPAYER WHO OWNS LAND THAT IS SUBJECT TO A CONSERVATION EASEMENT
28 HELD BY A PUBLIC OR PRIVATE CONSERVATION AGENCY, THERE SHALL BE ALLOWED
29 A CREDIT FOR TWENTY-FIVE PERCENT OF THE ALLOWABLE SCHOOL DISTRICT, COUN-
30 TY AND TOWN REAL PROPERTY TAXES ON SUCH LAND. IN NO SUCH CASE SHALL THE
31 CREDIT ALLOWED UNDER THIS SUBDIVISION IN COMBINATION WITH ANY OTHER
32 CREDIT FOR SUCH SCHOOL DISTRICT, COUNTY AND TOWN REAL PROPERTY TAXES
33 UNDER THIS SECTION EXCEED SUCH TAXES.

34 (B) CONSERVATION EASEMENT. FOR PURPOSES OF THIS SUBDIVISION, THE TERM
35 "CONSERVATION EASEMENT" MEANS A PERPETUAL AND PERMANENT CONSERVATION
36 EASEMENT AS DEFINED IN ARTICLE FORTY-NINE OF THE ENVIRONMENTAL CONSERVA-
37 TION LAW THAT SERVES TO PROTECT OPEN SPACE, SCENIC, NATURAL RESOURCES,
38 BIODIVERSITY, AGRICULTURAL, WATERSHED AND/OR HISTORIC PRESERVATION
39 RESOURCES. ANY CONSERVATION EASEMENT FOR WHICH A TAX CREDIT IS CLAIMED
40 UNDER THIS SUBDIVISION SHALL BE FILED WITH THE DEPARTMENT OF ENVIRON-
41 MENTAL CONSERVATION, AS PROVIDED FOR IN ARTICLE FORTY-NINE OF THE ENVI-
42 RONMENTAL CONSERVATION LAW AND SUCH CONSERVATION EASEMENT SHALL COMPLY
43 WITH THE PROVISIONS OF TITLE THREE OF SUCH ARTICLE, AND THE PROVISIONS
44 OF SUBDIVISION (H) OF SECTION 170 OF THE INTERNAL REVENUE CODE. DEDI-
45 CATIONS OF LAND FOR OPEN SPACE THROUGH THE EXECUTION OF CONSERVATION
46 EASEMENTS FOR THE PURPOSE OF FULFILLING DENSITY REQUIREMENTS TO OBTAIN
47 SUBDIVISION OR BUILDING PERMITS SHALL NOT BE CONSIDERED A CONSERVATION
48 EASEMENT UNDER THIS SUBDIVISION.

49 (C) LAND. FOR PURPOSES OF THIS SUBDIVISION, THE TERM "LAND" MEANS A
50 FEE SIMPLE TITLE TO REAL PROPERTY LOCATED IN THIS STATE, WITH OR WITHOUT
51 IMPROVEMENTS THEREON; RIGHTS OF WAY; WATER AND RIPARIAN RIGHTS; EASE-
52 MENTS; PRIVILEGES AND ALL OTHER RIGHTS OR INTERESTS OF ANY LAND OR
53 DESCRIPTION IN, RELATING TO OR CONNECTED WITH REAL PROPERTY, EXCLUDING
54 BUILDINGS, STRUCTURES, OR IMPROVEMENTS.

55 (D) PUBLIC OR PRIVATE CONSERVATION AGENCY. FOR PURPOSES OF THIS SUBDI-
56 VISION, THE TERM "PUBLIC OR PRIVATE CONSERVATION AGENCY" MEANS ANY

1 STATE, LOCAL, OR FEDERAL GOVERNMENTAL BODY; OR ANY PRIVATE NOT-FOR-PRO-
2 FIT CHARITABLE CORPORATION OR TRUST WHICH IS AUTHORIZED TO DO BUSINESS
3 IN THE STATE OF NEW YORK, IS ORGANIZED AND OPERATED TO PROTECT LAND FOR
4 NATURAL RESOURCES, CONSERVATION OR HISTORIC PRESERVATION PURPOSES, IS
5 EXEMPT FROM FEDERAL INCOME TAXATION UNDER SECTION 501(C)(3) OF THE
6 INTERNAL REVENUE CODE, AND HAS THE POWER TO ACQUIRE, HOLD AND MAINTAIN
7 LAND AND/OR INTERESTS IN LAND FOR SUCH PURPOSES.

8 (E) CREDIT LIMITATION. THE AMOUNT OF THE CREDIT THAT MAY BE CLAIMED BY
9 A TAXPAYER PURSUANT TO THIS SUBSECTION SHALL NOT EXCEED FIVE THOUSAND
10 DOLLARS IN ANY GIVEN YEAR.

11 (F) APPLICATION OF THE CREDIT. THE CREDIT ALLOWED UNDER THIS SUBDIVI-
12 SION FOR ANY TAXABLE YEAR SHALL NOT REDUCE THE TAX DUE FOR SUCH YEAR TO
13 LESS THAN THE FIXED DOLLAR MINIMUM AMOUNT PRESCRIBED IN PARAGRAPH (D) OF
14 SUBDIVISION ONE OF SECTION TWO HUNDRED TEN OF THIS ARTICLE. HOWEVER, IF
15 THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXABLE
16 YEAR REDUCES THE TAX TO SUCH AMOUNT OR IF THE TAXPAYER OTHERWISE PAYS
17 TAX BASED ON THE FIXED DOLLAR MINIMUM AMOUNT, ANY AMOUNT OF THE CREDIT
18 THUS NOT DEDUCTIBLE IN SUCH TAXABLE YEAR SHALL BE TREATED AS AN OVERPAY-
19 MENT OF TAX TO BE CREDITED OR REFUNDED IN ACCORDANCE WITH THE PROVISIONS
20 OF SUBSECTION (C) OF SECTION ONE THOUSAND EIGHTY-EIGHT OF THIS CHAPTER,
21 EXCEPT THAT, NO INTEREST SHALL BE PAID THEREON.

22 23. EMPIRE STATE COMMERCIAL PRODUCTION CREDIT. (A) ALLOWANCE OF CRED-
23 IT. A TAXPAYER THAT IS ELIGIBLE PURSUANT TO PROVISIONS OF SECTION TWEN-
24 TY-EIGHT OF THIS CHAPTER SHALL BE ALLOWED A CREDIT TO BE COMPUTED AS
25 PROVIDED IN SUCH SECTION AGAINST THE TAX IMPOSED BY THIS ARTICLE.

26 (B) APPLICATION OF CREDIT. THE CREDIT ALLOWED UNDER THIS SUBDIVISION
27 FOR ANY TAXABLE YEAR SHALL NOT REDUCE THE TAX DUE FOR SUCH YEAR TO LESS
28 THAN THE FIXED DOLLAR MINIMUM AMOUNT PRESCRIBED IN PARAGRAPH (D) OF
29 SUBDIVISION ONE OF SECTION TWO HUNDRED TEN OF THIS ARTICLE. PROVIDED,
30 HOWEVER, THAT IF THE AMOUNT OF THE CREDIT ALLOWABLE UNDER THIS SUBDIVI-
31 SION FOR ANY TAXABLE YEAR REDUCES THE TAX TO SUCH AMOUNT OR IF THE
32 TAXPAYER OTHERWISE PAYS TAX BASED ON THE FIXED DOLLAR MINIMUM AMOUNT,
33 FIFTY PERCENT OF THE EXCESS SHALL BE TREATED AS AN OVERPAYMENT OF TAX TO
34 BE CREDITED OR REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF SECTION ONE
35 THOUSAND EIGHTY-SIX OF THIS CHAPTER. PROVIDED, HOWEVER, THE PROVISIONS
36 OF SUBSECTION (C) OF SECTION ONE THOUSAND EIGHTY-EIGHT OF THIS CHAPTER
37 NOTWITHSTANDING, NO INTEREST SHALL BE PAID THEREON. THE BALANCE OF SUCH
38 CREDIT NOT CREDITED OR REFUNDED IN SUCH TAXABLE YEAR MAY BE CARRIED OVER
39 TO THE IMMEDIATELY SUCCEEDING TAXABLE YEAR AND MAY BE DEDUCTED FROM THE
40 TAXPAYER'S TAX FOR SUCH YEAR. THE EXCESS, IF ANY, OF THE AMOUNT OF CRED-
41 IT OVER THE TAX FOR SUCH SUCCEEDING YEAR SHALL BE TREATED AS AN OVERPAY-
42 MENT OF TAX TO BE CREDITED OR REFUNDED IN ACCORDANCE WITH THE PROVISIONS
43 OF SECTION ONE THOUSAND EIGHTY-SIX OF THIS CHAPTER. PROVIDED, HOWEVER,
44 THE PROVISIONS OF SUBSECTION (C) OF SECTION ONE THOUSAND EIGHTY-EIGHT OF
45 THIS CHAPTER NOTWITHSTANDING, NO INTEREST SHALL BE PAID THEREON.

46 (C) EXPIRATION OF CREDIT. THE CREDIT ALLOWED UNDER THIS SUBDIVISION
47 SHALL NOT BE APPLICABLE TO TAXABLE YEARS BEGINNING ON OR AFTER DECEMBER
48 THIRTY-FIRST, TWO THOUSAND SEVENTEEN.

49 24. BIOFUEL PRODUCTION CREDIT. (A) GENERAL. A TAXPAYER SHALL BE
50 ALLOWED A CREDIT, TO BE COMPUTED AS PROVIDED IN SECTION TWENTY-EIGHT OF
51 THIS CHAPTER ADDED AS PART X OF CHAPTER SIXTY-TWO OF THE LAWS OF TWO
52 THOUSAND SIX, AGAINST THE TAX IMPOSED BY THIS ARTICLE. THE CREDIT
53 ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR SHALL NOT REDUCE THE
54 TAX DUE FOR SUCH YEAR TO LESS THAN THE FIXED DOLLAR MINIMUM AMOUNT
55 PRESCRIBED IN PARAGRAPH (D) OF SUBDIVISION ONE OF SECTION TWO HUNDRED
56 TEN OF THIS ARTICLE. HOWEVER, IF THE AMOUNT OF CREDIT ALLOWED UNDER

1 THIS SUBDIVISION FOR ANY TAXABLE YEAR REDUCES THE TAX TO SUCH AMOUNT OR
2 IF THE TAXPAYER OTHERWISE PAYS TAX BASED ON THE FIXED DOLLAR MINIMUM
3 AMOUNT, ANY AMOUNT OF CREDIT THUS NOT DEDUCTIBLE IN SUCH TAXABLE YEAR
4 SHALL BE TREATED AS AN OVERPAYMENT OF TAX TO BE CREDITED OR REFUNDED IN
5 ACCORDANCE WITH THE PROVISIONS OF SECTION ONE THOUSAND EIGHTY-SIX OF
6 THIS CHAPTER. PROVIDED, HOWEVER, THE PROVISIONS OF SUBSECTION (C) OF
7 SECTION ONE THOUSAND EIGHTY-EIGHT OF THIS CHAPTER NOTWITHSTANDING, NO
8 INTEREST SHALL BE PAID THEREON. THE TAX CREDIT ALLOWED PURSUANT TO THIS
9 SECTION SHALL APPLY TO TAXABLE YEARS BEGINNING BEFORE JANUARY FIRST, TWO
10 THOUSAND TWENTY.

11 25. CLEAN HEATING FUEL CREDIT. (A) GENERAL. A TAXPAYER SHALL BE
12 ALLOWED A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE. SUCH CREDIT,
13 TO BE COMPUTED AS HEREINAFTER PROVIDED, SHALL BE ALLOWED FOR BIOHEAT,
14 USED FOR SPACE HEATING OR HOT WATER PRODUCTION FOR RESIDENTIAL PURPOSES
15 WITHIN THIS STATE PURCHASED BEFORE JANUARY FIRST, TWO THOUSAND SEVEN-
16 TEEN. SUCH CREDIT SHALL BE \$0.01 PER PERCENT OF BIODIESEL PER GALLON OF
17 BIOHEAT, NOT TO EXCEED TWENTY CENTS PER GALLON, PURCHASED BY SUCH
18 TAXPAYER.

19 (B) DEFINITIONS. FOR PURPOSES OF THIS SUBDIVISION, THE FOLLOWING DEFINI-
20 TIONS SHALL APPLY:

21 (I) "BIODIESEL" SHALL MEAN A FUEL COMPRISED EXCLUSIVELY OF MONO-ALKYL
22 ESTERS OF LONG CHAIN FATTY ACIDS DERIVED FROM VEGETABLE OILS OR ANIMAL
23 FATS, DESIGNATED B100, WHICH MEETS THE SPECIFICATIONS OF AMERICAN SOCIE-
24 TY OF TESTING AND MATERIALS DESIGNATION D 6751.

25 (II) "BIOHEAT" SHALL MEAN A FUEL COMPRISED OF BIODIESEL BLENDED WITH
26 CONVENTIONAL HOME HEATING OIL, WHICH MEETS THE SPECIFICATIONS OF THE
27 AMERICAN SOCIETY OF TESTING AND MATERIALS DESIGNATION D 396 OR D 975.

28 (C) APPLICATION OF CREDIT. THE CREDIT ALLOWED UNDER THIS SUBDIVISION
29 FOR ANY TAXABLE YEAR SHALL NOT REDUCE THE TAX DUE FOR SUCH YEAR TO LESS
30 THAN THE FIXED DOLLAR MINIMUM AMOUNT PRESCRIBED IN PARAGRAPH (D) OF
31 SUBDIVISION ONE OF SECTION TWO HUNDRED TEN OF THIS ARTICLE. HOWEVER, IF
32 THE AMOUNT OF CREDIT ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR
33 REDUCES THE TAX TO SUCH AMOUNT OR IF THE TAXPAYER OTHERWISE PAYS TAX
34 BASED ON THE FIXED DOLLAR MINIMUM AMOUNT, ANY AMOUNT OF CREDIT THUS NOT
35 DEDUCTIBLE IN SUCH TAXABLE YEAR SHALL BE TREATED AS AN OVERPAYMENT OF
36 TAX TO BE CREDITED OR REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF
37 SECTION ONE THOUSAND EIGHTY-SIX OF THIS CHAPTER. PROVIDED, HOWEVER, THE
38 PROVISIONS OF SUBSECTION (C) OF SECTION ONE THOUSAND EIGHTY-EIGHT OF
39 THIS CHAPTER NOTWITHSTANDING, NO INTEREST SHALL BE PAID THEREON.

40 26. CREDIT FOR REHABILITATION OF HISTORIC PROPERTIES. (A) APPLICATION
41 OF CREDIT. (I) FOR TAXABLE YEARS BEGINNING ON OR AFTER JANUARY FIRST,
42 TWO THOUSAND TEN, AND BEFORE JANUARY FIRST, TWO THOUSAND TWENTY, A
43 TAXPAYER SHALL BE ALLOWED A CREDIT AS HEREINAFTER PROVIDED, AGAINST THE
44 TAX IMPOSED BY THIS ARTICLE, IN AN AMOUNT EQUAL TO ONE HUNDRED PERCENT
45 OF THE AMOUNT OF CREDIT ALLOWED THE TAXPAYER FOR THE SAME TAXABLE YEAR
46 WITH RESPECT TO A CERTIFIED HISTORIC STRUCTURE UNDER SUBSECTION (C)(2)
47 OF SECTION 47 OF THE INTERNAL REVENUE CODE WITH RESPECT TO A CERTIFIED
48 HISTORIC STRUCTURE LOCATED WITHIN THE STATE. PROVIDED, HOWEVER, THE
49 CREDIT SHALL NOT EXCEED FIVE MILLION DOLLARS.

50 (II) FOR TAXABLE YEARS BEGINNING ON OR AFTER JANUARY FIRST, TWO THOU-
51 SAND TWENTY, A TAXPAYER SHALL BE ALLOWED A CREDIT AS HEREINAFTER
52 PROVIDED, AGAINST THE TAX IMPOSED BY THIS ARTICLE, IN AN AMOUNT EQUAL TO
53 THIRTY PERCENT OF THE AMOUNT OF CREDIT ALLOWED THE TAXPAYER FOR THE SAME
54 TAXABLE YEAR WITH RESPECT TO A CERTIFIED HISTORIC STRUCTURE UNDER
55 SUBSECTION (C)(3) OF SECTION 47 OF THE INTERNAL REVENUE CODE WITH
56 RESPECT TO A CERTIFIED HISTORIC STRUCTURE LOCATED WITHIN THE STATE.

1 PROVIDED, HOWEVER, THE CREDIT SHALL NOT EXCEED ONE HUNDRED THOUSAND
2 DOLLARS.

3 (B) IF THE TAXPAYER IS A PARTNER IN A PARTNERSHIP OR A SHAREHOLDER IN
4 A NEW YORK S CORPORATION, THEN THE CREDIT CAPS IMPOSED IN SUBPARAGRAPH
5 (A) OF THIS PARAGRAPH SHALL BE APPLIED AT THE ENTITY LEVEL, SO THAT THE
6 AGGREGATE CREDIT ALLOWED TO ALL THE PARTNERS OR SHAREHOLDERS OF EACH
7 SUCH ENTITY IN THE TAXABLE YEAR DOES NOT EXCEED THE CREDIT CAP THAT IS
8 APPLICABLE IN THAT TAXABLE YEAR.

9 (B) TAX CREDITS ALLOWED PURSUANT TO THIS SUBDIVISION SHALL BE ALLOWED
10 IN THE TAXABLE YEAR THAT THE QUALIFIED REHABILITATION IS PLACED IN
11 SERVICE UNDER SECTION 167 OF THE FEDERAL INTERNAL REVENUE CODE.

12 (C) IF THE CREDIT ALLOWED THE TAXPAYER PURSUANT TO SECTION 47 OF THE
13 INTERNAL REVENUE CODE WITH RESPECT TO A QUALIFIED REHABILITATION IS
14 RECAPTURED PURSUANT TO SUBSECTION (A) OF SECTION 50 OF THE INTERNAL
15 REVENUE CODE, A PORTION OF THE CREDIT ALLOWED UNDER THIS SUBSECTION MUST
16 BE ADDED BACK IN THE SAME TAXABLE YEAR AND IN THE SAME PROPORTION AS THE
17 FEDERAL CREDIT.

18 (D) THE CREDIT ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR
19 SHALL NOT REDUCE THE TAX DUE FOR SUCH YEAR TO LESS THAN THE AMOUNT
20 PRESCRIBED IN PARAGRAPH (D) OF SUBDIVISION ONE OF SECTION TWO HUNDRED
21 TEN OF THIS ARTICLE. HOWEVER, IF THE AMOUNT OF THE CREDIT ALLOWED UNDER
22 THIS SUBDIVISION FOR ANY TAXABLE YEAR REDUCES THE TAX TO SUCH AMOUNT OR
23 IF THE TAXPAYER OTHERWISE PAYS TAX BASED ON THE FIXED DOLLAR MINIMUM
24 AMOUNT, ANY AMOUNT OF CREDIT THUS NOT DEDUCTIBLE IN SUCH TAXABLE YEAR
25 SHALL BE TREATED AS AN OVERPAYMENT OF TAX TO BE RECREDITED OR REFUNDED
26 IN ACCORDANCE WITH THE PROVISIONS OF SECTION ONE THOUSAND EIGHTY-SIX OF
27 THIS CHAPTER. PROVIDED, HOWEVER, THE PROVISIONS OF SUBSECTION (C) OF
28 SECTION ONE THOUSAND EIGHTY-EIGHT OF THIS CHAPTER NOTWITHSTANDING, NO
29 INTEREST SHALL BE PAID THEREON.

30 (E) TO BE ELIGIBLE FOR THE CREDIT ALLOWABLE UNDER THIS SUBDIVISION,
31 THE REHABILITATION PROJECT SHALL BE IN WHOLE OR IN PART LOCATED WITHIN A
32 CENSUS TRACT WHICH IS IDENTIFIED AS BEING AT OR BELOW ONE HUNDRED
33 PERCENT OF THE STATE MEDIAN FAMILY INCOME AS CALCULATED AS OF JANUARY
34 FIRST OF EACH YEAR USING THE MOST RECENT FIVE YEAR ESTIMATE FROM THE
35 AMERICAN COMMUNITY SURVEY PUBLISHED BY THE UNITED STATES CENSUS BUREAU.

36 27. CREDITS OF NEW YORK S CORPORATIONS. (A) GENERAL. NOTWITHSTANDING
37 THE PROVISIONS OF THIS SECTION, NO CARRYOVER OF CREDIT ALLOWABLE IN A
38 NEW YORK C YEAR SHALL BE DEDUCTED FROM THE TAX OTHERWISE DUE UNDER THIS
39 ARTICLE IN A NEW YORK S YEAR, AND NO CREDIT ALLOWABLE IN A NEW YORK S
40 YEAR, OR CARRYOVER OF SUCH CREDIT, SHALL BE DEDUCTED FROM THE TAX
41 IMPOSED BY THIS ARTICLE. HOWEVER, A NEW YORK S YEAR SHALL BE TREATED AS
42 A TAXABLE YEAR FOR PURPOSES OF DETERMINING THE NUMBER OF TAXABLE YEARS
43 TO WHICH A CREDIT MAY BE CARRIED OVER UNDER THIS SECTION. NOTWITHSTAND-
44 ING THE FIRST SENTENCE OF THIS SUBDIVISION, HOWEVER, THE CREDIT FOR THE
45 SPECIAL ADDITIONAL MORTGAGE RECORDING TAX SHALL BE ALLOWED AS PROVIDED
46 IN SUBDIVISION FIFTEEN OF THIS SECTION, AND THE CARRYOVER OF ANY SUCH
47 CREDIT SHALL BE DETERMINED WITHOUT REGARD TO WHETHER THE CREDIT IS
48 CARRIED FROM A NEW YORK C YEAR TO A NEW YORK S YEAR OR VICE-VERSA.

49 29. HIRE A VET CREDIT. (A) ALLOWANCE OF CREDIT. FOR TAXABLE YEARS
50 BEGINNING ON OR AFTER JANUARY FIRST, TWO THOUSAND FIFTEEN AND BEFORE
51 JANUARY FIRST, TWO THOUSAND SEVENTEEN, A TAXPAYER SHALL BE ALLOWED A
52 CREDIT, TO BE COMPUTED AS PROVIDED IN THIS SUBDIVISION, AGAINST THE TAX
53 IMPOSED BY THIS ARTICLE, FOR HIRING AND EMPLOYING, FOR NOT LESS THAN ONE
54 YEAR AND FOR NOT LESS THAN THIRTY-FIVE HOURS EACH WEEK, A QUALIFIED
55 VETERAN WITHIN THE STATE. THE TAXPAYER MAY CLAIM THE CREDIT IN THE YEAR
56 IN WHICH THE QUALIFIED VETERAN COMPLETES ONE YEAR OF EMPLOYMENT BY THE

1 TAXPAYER. IF THE TAXPAYER CLAIMS THE CREDIT ALLOWED UNDER THIS SUBDIVI-
2 SION, THE TAXPAYER MAY NOT USE THE HIRING OF A QUALIFIED VETERAN THAT IS
3 THE BASIS FOR THIS CREDIT IN THE BASIS OF ANY OTHER CREDIT ALLOWED UNDER
4 THIS ARTICLE.

5 (B) QUALIFIED VETERAN. A QUALIFIED VETERAN IS AN INDIVIDUAL:

6 (1) WHO SERVED ON ACTIVE DUTY IN THE UNITED STATES ARMY, NAVY, AIR
7 FORCE, MARINE CORPS, COAST GUARD OR THE RESERVES THEREOF, OR WHO SERVED
8 IN ACTIVE MILITARY SERVICE OF THE UNITED STATES AS A MEMBER OF THE ARMY
9 NATIONAL GUARD, AIR NATIONAL GUARD, NEW YORK GUARD OR NEW YORK NAVAL
10 MILITIA; WHO WAS RELEASED FROM ACTIVE DUTY BY GENERAL OR HONORABLE
11 DISCHARGE AFTER SEPTEMBER ELEVENTH, TWO THOUSAND ONE;

12 (2) WHO COMMENCES EMPLOYMENT BY THE QUALIFIED TAXPAYER ON OR AFTER
13 JANUARY FIRST, TWO THOUSAND FOURTEEN, AND BEFORE JANUARY FIRST, TWO
14 THOUSAND SIXTEEN; AND

15 (3) WHO CERTIFIES BY SIGNED AFFIDAVIT, UNDER PENALTY OF PERJURY, THAT
16 HE OR SHE HAS NOT BEEN EMPLOYED FOR THIRTY-FIVE OR MORE HOURS DURING ANY
17 WEEK IN THE ONE HUNDRED EIGHTY DAY PERIOD IMMEDIATELY PRIOR TO HIS OR
18 HER EMPLOYMENT BY THE TAXPAYER.

19 (C) EMPLOYER PROHIBITION. AN EMPLOYER SHALL NOT DISCHARGE AN EMPLOYEE
20 AND HIRE A QUALIFYING VETERAN SOLELY FOR THE PURPOSE OF QUALIFYING FOR
21 THIS CREDIT.

22 (D) AMOUNT OF CREDIT. THE AMOUNT OF THE CREDIT SHALL BE TEN PERCENT OF
23 THE TOTAL AMOUNT OF WAGES PAID TO THE QUALIFIED VETERAN DURING THE
24 VETERAN'S FIRST FULL YEAR OF EMPLOYMENT. PROVIDED, HOWEVER, THAT, IF THE
25 QUALIFIED VETERAN IS A DISABLED VETERAN, AS DEFINED IN PARAGRAPH (B) OF
26 SUBDIVISION ONE OF SECTION EIGHTY-FIVE OF THE CIVIL SERVICE LAW, THE
27 AMOUNT OF THE CREDIT SHALL BE FIFTEEN PERCENT OF THE TOTAL AMOUNT OF
28 WAGES PAID TO THE QUALIFIED VETERAN DURING THE VETERAN'S FIRST FULL YEAR
29 OF EMPLOYMENT. THE CREDIT ALLOWED PURSUANT TO THIS SUBDIVISION SHALL NOT
30 EXCEED IN ANY TAXABLE YEAR, FIVE THOUSAND DOLLARS FOR ANY QUALIFIED
31 VETERAN AND FIFTEEN THOUSAND DOLLARS FOR ANY QUALIFIED VETERAN WHO IS A
32 DISABLED VETERAN.

33 (E) CARRYOVER. THE CREDIT ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXA-
34 BLE YEAR SHALL NOT REDUCE THE TAX DUE FOR SUCH YEAR TO LESS THAN THE
35 AMOUNT PRESCRIBED IN PARAGRAPH (D) OF SUBDIVISION ONE OF SECTION TWO
36 HUNDRED TEN OF THIS ARTICLE. HOWEVER, IF THE AMOUNT OF CREDIT ALLOWABLE
37 UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR REDUCES THE TAX TO SUCH
38 AMOUNT OR IF THE TAXPAYER OTHERWISE PAYS TAX BASED ON THE FIXED DOLLAR
39 MINIMUM AMOUNT, ANY AMOUNT OF CREDIT NOT DEDUCTIBLE IN SUCH TAXABLE YEAR
40 MAY BE CARRIED OVER TO THE FOLLOWING THREE YEARS AND MAY BE DEDUCTED
41 FROM THE TAXPAYER'S TAX FOR SUCH YEAR OR YEARS.

42 30. ALTERNATIVE FUELS AND ELECTRIC VEHICLE RECHARGING PROPERTY CREDIT.

43 (A) GENERAL. A TAXPAYER SHALL BE ALLOWED A CREDIT, TO BE COMPUTED AS
44 HEREINAFTER PROVIDED, AGAINST THE TAX IMPOSED BY THIS ARTICLE FOR ALTER-
45 NATIVE FUEL VEHICLE REFUELING AND ELECTRIC VEHICLE RECHARGING PROPERTY
46 PLACED IN SERVICE DURING THE TAXABLE YEAR.

47 (B) ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY AND ELECTRIC VEHICLE
48 RECHARGING PROPERTY. THE CREDIT UNDER THIS SUBDIVISION FOR ALTERNATIVE
49 FUEL VEHICLE REFUELING PROPERTY AND ELECTRIC VEHICLE RECHARGING PROPERTY
50 SHALL EQUAL FOR EACH INSTALLATION OF PROPERTY THE LESSER OF FIVE THOU-
51 SAND DOLLARS OR FIFTY PERCENT OF THE COST OF ANY SUCH PROPERTY:

52 (I) WHICH IS LOCATED IN THIS STATE;

53 (II) WHICH CONSTITUTES ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY OR
54 ELECTRIC VEHICLE RECHARGING PROPERTY; AND

1 (III) FOR WHICH NONE OF THE COST HAS BEEN PAID FOR FROM THE PROCEEDS
2 OF GRANTS, INCLUDING GRANTS FROM THE NEW YORK STATE ENERGY RESEARCH AND
3 DEVELOPMENT AUTHORITY OR THE NEW YORK POWER AUTHORITY.

4 (C) DEFINITIONS. (I) THE TERM "ALTERNATIVE FUEL VEHICLE REFUELING
5 PROPERTY" MEANS ALL OF THE EQUIPMENT NEEDED TO DISPENSE ANY FUEL AT
6 LEAST EIGHTY-FIVE PERCENT OF THE VOLUME OF WHICH CONSISTS OF ONE OR MORE
7 OF THE FOLLOWING: NATURAL GAS, LIQUIFIED NATURAL GAS, LIQUIFIED PETROLE-
8 UM, OR HYDROGEN.

9 (II) THE TERM "ELECTRIC VEHICLE RECHARGING PROPERTY" MEANS ALL OF THE
10 EQUIPMENT NEEDED TO CONVEY ELECTRIC POWER FROM THE ELECTRIC GRID OR
11 ANOTHER POWER SOURCE TO AN ONBOARD VEHICLE ENERGY STORAGE SYSTEM.

12 (D) CARRYOVERS. IN NO EVENT SHALL THE CREDIT UNDER THIS SUBDIVISION BE
13 ALLOWED IN AN AMOUNT WHICH WILL REDUCE THE TAX PAYABLE TO LESS THAN THE
14 AMOUNT PRESCRIBED IN PARAGRAPH (D) OF SUBDIVISION ONE OF SECTION TWO
15 HUNDRED TEN OF THIS ARTICLE. PROVIDED, HOWEVER, THAT IF THE AMOUNT OF
16 CREDIT ALLOWABLE UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR REDUCES THE
17 TAX TO SUCH AMOUNT OR IF THE TAXPAYER OTHERWISE PAYS TAX BASED ON THE
18 FIXED DOLLAR MINIMUM AMOUNT, ANY AMOUNT OF CREDIT NOT DEDUCTIBLE IN SUCH
19 TAXABLE YEAR MAY BE CARRIED OVER TO THE FOLLOWING YEAR OR YEARS AND MAY
20 BE DEDUCTED FROM THE TAXPAYER'S TAX FOR SUCH YEAR OR YEARS.

21 (E) CREDIT RECAPTURE. IF, AT ANY TIME BEFORE THE END OF ITS RECOVERY
22 PERIOD, ALTERNATIVE FUEL VEHICLE REFUELING OR ELECTRIC VEHICLE RECHARG-
23 ING PROPERTY CEASES TO BE QUALIFIED, A RECAPTURE AMOUNT MUST BE ADDED
24 BACK IN THE YEAR IN WHICH SUCH CESSATION OCCURS.

25 (I) ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY OR ELECTRIC VEHICLE
26 RECHARGING PROPERTY CEASES TO BE QUALIFIED IF:

27 (I) THE PROPERTY NO LONGER QUALIFIES AS ALTERNATIVE FUEL VEHICLE REFU-
28 ELING PROPERTY OR ELECTRIC VEHICLE RECHARGING PROPERTY; OR

29 (II) FIFTY PERCENT OR MORE OF THE USE OF THE PROPERTY IN A TAXABLE
30 YEAR IS OTHER THAN IN A TRADE OR BUSINESS IN THIS STATE; OR

31 (III) THE TAXPAYER RECEIVING THE CREDIT UNDER THIS SUBDIVISION SELLS
32 OR DISPOSES OF THE PROPERTY AND KNOWS OR HAS REASON TO KNOW THAT THE
33 PROPERTY WILL BE USED IN A MANNER DESCRIBED IN CLAUSES (I) AND (II) OF
34 THIS SUBPARAGRAPH.

35 (II) RECAPTURE AMOUNT. THE RECAPTURE AMOUNT IS EQUAL TO THE CREDIT
36 ALLOWABLE UNDER THIS SUBDIVISION MULTIPLIED BY A FRACTION, THE NUMERATOR
37 OF WHICH IS THE TOTAL RECOVERY PERIOD FOR THE PROPERTY MINUS THE NUMBER
38 OF RECOVERY YEARS PRIOR TO, BUT NOT INCLUDING, THE RECAPTURE YEAR, AND
39 THE DENOMINATOR OF WHICH IS THE TOTAL RECOVERY PERIOD.

40 (F) TERMINATION. THE CREDIT ALLOWED BY PARAGRAPH (B) OF THIS SUBDIVI-
41 SION SHALL NOT APPLY IN TAXABLE YEARS BEGINNING AFTER DECEMBER
42 THIRTY-FIRST, TWO THOUSAND SEVENTEEN.

43 31. EXCELSIOR JOBS PROGRAM CREDIT. (A) ALLOWANCE OF CREDIT. A TAXPAYER
44 WILL BE ALLOWED A CREDIT, TO BE COMPUTED AS PROVIDED IN SECTION THIRTY-
45 ONE OF THIS CHAPTER, AGAINST THE TAX IMPOSED BY THIS ARTICLE.

46 (B) APPLICATION OF CREDIT. THE CREDIT ALLOWED UNDER THIS SUBDIVISION
47 FOR ANY TAXABLE YEAR MAY NOT REDUCE THE TAX DUE FOR SUCH YEAR TO LESS
48 THAN THE AMOUNT PRESCRIBED IN PARAGRAPH (D) OF SUBDIVISION ONE OF
49 SECTION TWO HUNDRED TEN OF THIS ARTICLE. HOWEVER, IF THE AMOUNT OF CRED-
50 IT ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR REDUCES THE TAX
51 TO SUCH AMOUNT OR IF THE TAXPAYER OTHERWISE PAYS TAX BASED ON THE FIXED
52 DOLLAR MINIMUM AMOUNT, ANY AMOUNT OF CREDIT THUS NOT DEDUCTIBLE IN SUCH
53 TAXABLE YEAR WILL BE TREATED AS AN OVERPAYMENT OF TAX TO BE CREDITED OR
54 REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF SECTION ONE THOUSAND
55 EIGHTY-SIX OF THIS CHAPTER. PROVIDED, HOWEVER, THE PROVISIONS OF

1 SUBSECTION (C) OF SECTION ONE THOUSAND EIGHTY-EIGHT OF THIS CHAPTER
2 NOTWITHSTANDING, NO INTEREST WILL BE PAID THEREON.

3 32. EMPIRE STATE FILM POST PRODUCTION CREDIT. (A) ALLOWANCE OF CREDIT.
4 A TAXPAYER WHO IS ELIGIBLE PURSUANT TO SECTION THIRTY-ONE OF THIS CHAP-
5 TER SHALL BE ALLOWED A CREDIT TO BE COMPUTED AS PROVIDED IN SUCH SECTION
6 THIRTY-ONE AGAINST THE TAX IMPOSED BY THIS ARTICLE.

7 (B) APPLICATION OF CREDIT. THE CREDIT ALLOWED UNDER THIS SUBDIVISION
8 FOR ANY TAXABLE YEAR SHALL NOT REDUCE THE TAX DUE FOR SUCH YEAR TO LESS
9 THAN THE AMOUNT PRESCRIBED IN PARAGRAPH (D) OF SUBDIVISION ONE OF
10 SECTION TWO HUNDRED TEN OF THIS ARTICLE. PROVIDED, HOWEVER, THAT IF THE
11 AMOUNT OF THE CREDIT ALLOWABLE UNDER THIS SUBDIVISION FOR ANY TAXABLE
12 YEAR REDUCES THE TAX TO SUCH AMOUNT OR IF THE TAXPAYER OTHERWISE PAYS
13 TAX BASED ON THE FIXED DOLLAR MINIMUM AMOUNT, FIFTY PERCENT OF THE
14 EXCESS SHALL BE TREATED AS AN OVERPAYMENT OF TAX TO BE CREDITED OR
15 REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF SECTION ONE THOUSAND
16 EIGHTY-SIX OF THIS CHAPTER. PROVIDED, HOWEVER, THE PROVISIONS OF
17 SUBSECTION (C) OF SECTION ONE THOUSAND EIGHTY-EIGHT OF THIS CHAPTER
18 NOTWITHSTANDING, NO INTEREST SHALL BE PAID THEREON. THE BALANCE OF SUCH
19 CREDIT NOT CREDITED OR REFUNDED IN SUCH TAXABLE YEAR MAY BE A CARRYOVER
20 TO THE IMMEDIATELY SUCCEEDING TAXABLE YEAR AND MAY BE DEDUCTED FROM THE
21 TAXPAYER'S TAX FOR SUCH YEAR. THE EXCESS, IF ANY, OF THE AMOUNT OF THE
22 CREDIT OVER THE TAX FOR SUCH SUCCEEDING YEAR SHALL BE TREATED AS AN
23 OVERPAYMENT OF TAX TO BE CREDITED OR REFUNDED IN ACCORDANCE WITH THE
24 PROVISIONS OF SECTION ONE THOUSAND EIGHTY-SIX OF THIS CHAPTER. PROVIDED,
25 HOWEVER, THE PROVISIONS OF SUBSECTION (C) OF SECTION ONE THOUSAND EIGHT-
26 Y-EIGHT OF THIS CHAPTER NOTWITHSTANDING, NO INTEREST SHALL BE PAID THER-
27 EON.

28 33. TEMPORARY DEFERRAL NONREFUNDABLE PAYOUT CREDIT. (A) ALLOWANCE OF
29 CREDIT. A TAXPAYER SHALL BE ALLOWED A CREDIT, TO BE COMPUTED AS PROVIDED
30 IN SUBDIVISION ONE OF SECTION THIRTY-FOUR OF THIS CHAPTER, AGAINST THE
31 TAX IMPOSED BY THIS ARTICLE.

32 (B) APPLICATION OF CREDIT. THE CREDIT ALLOWED UNDER THIS SUBDIVISION
33 FOR ANY TAXABLE YEAR SHALL NOT REDUCE THE TAX DUE FOR THAT YEAR TO LESS
34 THAN THE AMOUNT PRESCRIBED IN PARAGRAPH (D) OF SUBDIVISION ONE OF
35 SECTION TWO HUNDRED TEN OF THIS ARTICLE. HOWEVER, IF THE AMOUNT OF CRED-
36 IT ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR REDUCES THE TAX
37 TO SUCH AMOUNT OR IF THE TAXPAYER OTHERWISE PAYS TAX BASED ON THE FIXED
38 DOLLAR MINIMUM AMOUNT, ANY AMOUNT OF CREDIT THUS NOT DEDUCTIBLE IN SUCH
39 TAXABLE YEAR MAY BE CARRIED OVER TO THE FOLLOWING YEAR OR YEARS AND MAY
40 BE DEDUCTED FROM THE TAXPAYER'S TAX FOR SUCH YEAR OR YEARS.

41 34. TEMPORARY DEFERRAL REFUNDABLE PAYOUT CREDIT. (A) ALLOWANCE OF
42 CREDIT. A TAXPAYER SHALL BE ALLOWED A CREDIT, TO BE COMPUTED AS PROVIDED
43 IN SUBDIVISION TWO OF SECTION THIRTY-FOUR OF THIS CHAPTER, AGAINST THE
44 TAX IMPOSED BY THIS ARTICLE.

45 (B) APPLICATION OF CREDIT. IN NO EVENT SHALL THE CREDIT UNDER THIS
46 SUBDIVISION BE ALLOWED IN AN AMOUNT WHICH WILL REDUCE THE TAX TO LESS
47 THAN THE AMOUNT PRESCRIBED IN PARAGRAPH (D) OF SUBDIVISION ONE OF
48 SECTION TWO HUNDRED TEN OF THIS ARTICLE. IF, HOWEVER, THE AMOUNT OF
49 CREDIT ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR REDUCES THE
50 TAX TO SUCH AMOUNT OR IF THE TAXPAYER OTHERWISE PAYS TAX BASED ON THE
51 FIXED DOLLAR MINIMUM AMOUNT, ANY AMOUNT OF CREDIT NOT DEDUCTIBLE IN SUCH
52 TAXABLE YEAR SHALL BE TREATED AS AN OVERPAYMENT OF TAX TO BE REFUNDED IN
53 ACCORDANCE WITH THE PROVISIONS OF SECTION ONE THOUSAND EIGHTY-SIX OF
54 THIS CHAPTER, PROVIDED HOWEVER, THAT NO INTEREST SHALL BE PAID THEREON.

55 35. ECONOMIC TRANSFORMATION AND FACILITY REDEVELOPMENT PROGRAM TAX
56 CREDIT. (A) ALLOWANCE OF CREDIT. A TAXPAYER SHALL BE ALLOWED A CREDIT,

1 TO BE COMPUTED AS PROVIDED IN SECTION THIRTY-FIVE OF THIS CHAPTER,
2 AGAINST THE TAX IMPOSED BY THIS ARTICLE.

3 (B) APPLICATION OF CREDIT. THE CREDIT ALLOWED UNDER THIS SUBDIVISION
4 FOR ANY TAXABLE YEAR MAY NOT REDUCE THE TAX DUE FOR SUCH YEAR TO LESS
5 THAN THE AMOUNT PRESCRIBED IN PARAGRAPH (D) OF SUBDIVISION ONE OF
6 SECTION TWO HUNDRED TEN OF THIS ARTICLE. HOWEVER, IF THE AMOUNT OF CRED-
7 IT ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR REDUCES THE TAX
8 TO SUCH AMOUNT OR IF THE TAXPAYER OTHERWISE PAYS TAX BASED ON THE FIXED
9 DOLLAR MINIMUM AMOUNT, ANY AMOUNT OF CREDIT THUS NOT DEDUCTIBLE IN SUCH
10 TAXABLE YEAR WILL BE TREATED AS AN OVERPAYMENT OF TAX TO BE CREDITED OR
11 REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF SECTION ONE THOUSAND
12 EIGHTY-SIX OF THIS CHAPTER. PROVIDED, HOWEVER, THE PROVISIONS OF
13 SUBSECTION (C) OF SECTION ONE THOUSAND EIGHTY-EIGHT OF THIS CHAPTER
14 NOTWITHSTANDING, NO INTEREST WILL BE PAID THEREON.

15 36. NEW YORK YOUTH WORKS TAX CREDIT. (A) A TAXPAYER THAT HAS BEEN
16 CERTIFIED BY THE COMMISSIONER OF LABOR AS A QUALIFIED EMPLOYER PURSUANT
17 TO SECTION TWENTY-FIVE-A OF THE LABOR LAW SHALL BE ALLOWED A CREDIT
18 AGAINST THE TAX IMPOSED BY THIS ARTICLE EQUAL TO (I) FIVE HUNDRED
19 DOLLARS PER MONTH FOR UP TO SIX MONTHS FOR EACH QUALIFIED EMPLOYEE THE
20 EMPLOYER EMPLOYS IN A FULL-TIME JOB OR TWO HUNDRED FIFTY DOLLARS PER
21 MONTH FOR UP TO SIX MONTHS FOR EACH QUALIFIED EMPLOYEE THE EMPLOYER
22 EMPLOYS IN A PART-TIME JOB OF AT LEAST TWENTY HOURS PER WEEK OR TEN
23 HOURS PER WEEK WHEN THE QUALIFIED EMPLOYEE IS ENROLLED IN HIGH SCHOOL
24 FULL-TIME, (II) ONE THOUSAND DOLLARS FOR EACH QUALIFIED EMPLOYEE WHO IS
25 EMPLOYED FOR AT LEAST AN ADDITIONAL SIX MONTHS BY THE QUALIFIED EMPLOYER
26 IN A FULL-TIME JOB OR FIVE HUNDRED DOLLARS FOR EACH QUALIFIED EMPLOYEE
27 WHO IS EMPLOYED FOR AT LEAST AN ADDITIONAL SIX MONTHS BY THE QUALIFIED
28 EMPLOYER IN A PART-TIME JOB OF AT LEAST TWENTY HOURS PER WEEK OR TEN
29 HOURS PER WEEK WHEN THE QUALIFIED EMPLOYEE IS ENROLLED IN HIGH SCHOOL
30 FULL-TIME, AND (III) AN ADDITIONAL ONE THOUSAND DOLLARS FOR EACH QUALI-
31 FIED EMPLOYEE WHO IS EMPLOYED FOR AT LEAST AN ADDITIONAL YEAR AFTER THE
32 FIRST YEAR OF THE EMPLOYEE'S EMPLOYMENT BY THE QUALIFIED EMPLOYER IN A
33 FULL-TIME JOB OR FIVE HUNDRED DOLLARS FOR EACH QUALIFIED EMPLOYEE WHO IS
34 EMPLOYED FOR AT LEAST AN ADDITIONAL YEAR AFTER THE FIRST YEAR OF THE
35 EMPLOYEE'S EMPLOYMENT BY THE QUALIFIED EMPLOYER IN A PART-TIME JOB OF AT
36 LEAST TWENTY HOURS PER WEEK OR TEN HOURS PER WEEK WHEN THE QUALIFIED
37 EMPLOYEE IS ENROLLED IN HIGH SCHOOL FULL-TIME. FOR PURPOSES OF THIS
38 SUBDIVISION, THE TERM "QUALIFIED EMPLOYEE" SHALL HAVE THE SAME MEANING
39 AS SET FORTH IN SUBDIVISION (B) OF SECTION TWENTY-FIVE-A OF THE LABOR
40 LAW. THE PORTION OF THE CREDIT DESCRIBED IN SUBPARAGRAPH (I) OF THIS
41 PARAGRAPH SHALL BE ALLOWED FOR THE TAXABLE YEAR IN WHICH THE WAGES ARE
42 PAID TO THE QUALIFIED EMPLOYEE, AND THE PORTION OF THE CREDIT DESCRIBED
43 IN SUBPARAGRAPH (II) OF THIS PARAGRAPH SHALL BE ALLOWED IN THE TAXABLE
44 YEAR IN WHICH THE ADDITIONAL SIX MONTH PERIOD ENDS.

45 (B) THE CREDIT ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR MAY
46 NOT REDUCE THE TAX DUE FOR THAT YEAR TO LESS THAN THE AMOUNT PRESCRIBED
47 IN PARAGRAPH (D) OF SUBDIVISION ONE OF SECTION TWO HUNDRED TEN OF THIS
48 ARTICLE. HOWEVER, IF THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS SUBDI-
49 VISION FOR ANY TAXABLE YEAR REDUCES THE TAX TO THAT AMOUNT OR IF THE
50 TAXPAYER OTHERWISE PAYS TAX BASED ON THE FIXED DOLLAR MINIMUM AMOUNT,
51 ANY AMOUNT OF CREDIT NOT DEDUCTIBLE IN THAT TAXABLE YEAR WILL BE TREATED
52 AS AN OVERPAYMENT OF TAX TO BE CREDITED OR REFUNDED IN ACCORDANCE WITH
53 THE PROVISIONS OF SECTION ONE THOUSAND EIGHTY-SIX OF THIS CHAPTER.
54 PROVIDED, HOWEVER, NO INTEREST WILL BE PAID THEREON.

55 (C) THE TAXPAYER MAY BE REQUIRED TO ATTACH TO ITS TAX RETURN ITS
56 CERTIFICATE OF ELIGIBILITY ISSUED BY THE COMMISSIONER OF LABOR PURSUANT

1 TO SECTION TWENTY-FIVE-A OF THE LABOR LAW. IN NO EVENT SHALL THE TAXPAY-
2 ER BE ALLOWED A CREDIT GREATER THAN THE AMOUNT OF THE CREDIT LISTED ON
3 THE CERTIFICATE OF ELIGIBILITY. NOTWITHSTANDING ANY PROVISION OF THIS
4 CHAPTER TO THE CONTRARY, THE COMMISSIONER AND THE COMMISSIONER'S DESIG-
5 NEES MAY RELEASE THE NAMES AND ADDRESSES OF ANY TAXPAYER CLAIMING THIS
6 CREDIT AND THE AMOUNT OF THE CREDIT EARNED BY THE TAXPAYER. PROVIDED,
7 HOWEVER, IF A TAXPAYER CLAIMS THIS CREDIT BECAUSE IT IS A MEMBER OF A
8 LIMITED LIABILITY COMPANY OR A PARTNER IN A PARTNERSHIP, ONLY THE AMOUNT
9 OF CREDIT EARNED BY THE ENTITY AND NOT THE AMOUNT OF CREDIT CLAIMED BY
10 THE TAXPAYER MAY BE RELEASED.

11 37. EMPIRE STATE JOBS RETENTION PROGRAM CREDIT. (A) ALLOWANCE OF CRED-
12 IT. A TAXPAYER WILL BE ALLOWED A CREDIT, TO BE COMPUTED AS PROVIDED IN
13 SECTION THIRTY-SIX OF THIS CHAPTER, AGAINST THE TAXES IMPOSED BY THIS
14 ARTICLE.

15 (B) APPLICATION OF CREDIT. THE CREDIT ALLOWED UNDER THIS SUBDIVISION
16 FOR ANY TAXABLE YEAR WILL NOT REDUCE THE TAX DUE FOR SUCH YEAR TO LESS
17 THAN THE AMOUNT PRESCRIBED IN PARAGRAPH (D) OF SUBDIVISION ONE OF
18 SECTION TWO HUNDRED TEN OF THIS ARTICLE. HOWEVER, IF THE AMOUNT OF CRED-
19 IT ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR REDUCES THE TAX
20 TO SUCH AMOUNT OR IF THE TAXPAYER OTHERWISE PAYS TAX BASED ON THE FIXED
21 DOLLAR MINIMUM AMOUNT, ANY AMOUNT OF CREDIT THUS NOT DEDUCTIBLE IN SUCH
22 TAXABLE YEAR WILL BE TREATED AS AN OVERPAYMENT OF TAX TO BE CREDITED OR
23 REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF SECTION ONE THOUSAND
24 EIGHTY-SIX OF THIS CHAPTER. PROVIDED, HOWEVER, THE PROVISIONS OF
25 SUBSECTION (C) OF SECTION ONE THOUSAND EIGHTY-EIGHT OF THIS CHAPTER
26 NOTWITHSTANDING, NO INTEREST WILL BE PAID THEREON.

27 38. CREDIT FOR COMPANIES WHO PROVIDE TRANSPORTATION TO INDIVIDUALS
28 WITH DISABILITIES. (A) ALLOWANCE AND AMOUNT OF CREDIT. A TAXPAYER, WHO
29 PROVIDES A TAXICAB SERVICE AS DEFINED IN SECTION ONE HUNDRED
30 FORTY-EIGHT-A OF THE VEHICLE AND TRAFFIC LAW, OR A LIVERY SERVICE AS
31 DEFINED IN SECTION ONE HUNDRED TWENTY-ONE-E OF THE VEHICLE AND TRAFFIC
32 LAW, SHALL BE ALLOWED A CREDIT, TO BE COMPUTED AS PROVIDED IN THIS
33 SUBDIVISION, AGAINST THE TAX IMPOSED BY THIS ARTICLE. THE AMOUNT OF THE
34 CREDIT SHALL BE EQUAL TO THE INCREMENTAL COST ASSOCIATED WITH UPGRADING
35 A VEHICLE SO THAT IT IS ACCESSIBLE BY INDIVIDUALS WITH DISABILITIES AS
36 DEFINED IN PARAGRAPH (B) OF THIS SUBDIVISION. PROVIDED, HOWEVER, THAT
37 SUCH CREDIT SHALL NOT EXCEED TEN THOUSAND DOLLARS PER VEHICLE. FOR
38 PURPOSES OF THIS SUBDIVISION, PURCHASES OF NEW VEHICLES THAT ARE
39 INITIALLY MANUFACTURED TO BE ACCESSIBLE FOR INDIVIDUALS WITH DISABILI-
40 TIES AND FOR WHICH THERE IS NO COMPARABLE MAKE AND MODEL THAT DOES NOT
41 INCLUDE THE EQUIPMENT NECESSARY TO PROVIDE ACCESSIBILITY TO INDIVIDUALS
42 WITH DISABILITIES, THE CREDIT SHALL BE TEN THOUSAND DOLLARS PER VEHICLE.

43 (B) DEFINITION. THE TERM "ACCESSIBLE BY INDIVIDUALS WITH DISABILITIES"
44 SHALL, FOR THE PURPOSES OF THIS SUBDIVISION, REFER TO A VEHICLE THAT
45 COMPLIES WITH FEDERAL REGULATIONS PROMULGATED PURSUANT TO THE AMERICANS
46 WITH DISABILITIES ACT APPLICABLE TO VANS UNDER TWENTY-TWO FEET IN
47 LENGTH, BY THE FEDERAL DEPARTMENT OF TRANSPORTATION, IN CODE OF FEDERAL
48 REGULATIONS, TITLE 49, PARTS 37 AND 38, AND BY THE FEDERAL ARCHITECTURE
49 AND TRANSPORTATION BARRIERS COMPLIANCE BOARD, IN CODE OF FEDERAL REGU-
50 LATIONS, TITLE 36, SECTION 1192.23, AND THE FEDERAL MOTOR VEHICLE SAFETY
51 STANDARDS, CODE OF FEDERAL REGULATIONS, TITLE 49, PART 57.

52 (C) APPLICATION OF CREDIT. IN NO EVENT SHALL THE CREDIT ALLOWED UNDER
53 THIS SUBDIVISION FOR ANY TAXABLE YEAR REDUCE THE TAX DUE FOR SUCH YEAR
54 TO LESS THAN THE AMOUNT PRESCRIBED IN PARAGRAPH (D) OF SUBDIVISION ONE
55 OF SECTION TWO HUNDRED TEN OF THIS ARTICLE. HOWEVER, IF THE AMOUNT OF
56 CREDIT ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR REDUCES THE

1 TAX TO SUCH AMOUNT OR IF THE TAXPAYER OTHERWISE PAYS TAX BASED ON THE
2 FIXED DOLLAR MINIMUM AMOUNT, ANY AMOUNT OF CREDIT THUS NOT DEDUCTIBLE IN
3 SUCH TAXABLE YEAR SHALL BE CARRIED OVER TO THE FOLLOWING YEAR OR YEARS,
4 AND MAY BE DEDUCTED FROM THE TAXPAYER'S TAX FOR SUCH YEAR OR YEARS.

5 39. BEER PRODUCTION CREDIT. A TAXPAYER SHALL BE ALLOWED A CREDIT, TO
6 BE COMPUTED AS PROVIDED IN SECTION THIRTY-SEVEN OF THIS CHAPTER, AGAINST
7 THE TAX IMPOSED BY THIS ARTICLE. IN NO EVENT SHALL THE CREDIT ALLOWED
8 UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR REDUCE THE TAX DUE FOR SUCH
9 YEAR TO LESS THAN THE AMOUNT PRESCRIBED IN PARAGRAPH (D) OF SUBDIVISION
10 ONE OF SECTION TWO HUNDRED TEN OF THIS ARTICLE. HOWEVER, IF THE AMOUNT
11 OF CREDIT ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR REDUCES
12 THE TAX TO SUCH AMOUNT OR IF THE TAXPAYER OTHERWISE PAYS TAX BASED ON
13 THE FIXED DOLLAR MINIMUM AMOUNT, ANY AMOUNT OF CREDIT THUS NOT DEDUCT-
14 ILE IN SUCH TAXABLE YEAR SHALL BE TREATED AS AN OVERPAYMENT OF TAX TO
15 BE CREDITED OR REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF SECTION ONE
16 THOUSAND EIGHTY-SIX OF THIS CHAPTER. PROVIDED, HOWEVER, THE PROVISIONS
17 OF SUBSECTION (C) OF SECTION ONE THOUSAND EIGHTY-EIGHT OF THIS CHAPTER
18 NOTWITHSTANDING, NO INTEREST SHALL BE PAID THEREON.

19 40. MINIMUM WAGE REIMBURSEMENT CREDIT. (A) ALLOWANCE OF CREDIT. A
20 TAXPAYER SHALL BE ALLOWED A CREDIT, TO BE COMPUTED AS PROVIDED IN
21 SECTION THIRTY-EIGHT OF THIS CHAPTER, AGAINST THE TAX IMPOSED BY THIS
22 ARTICLE.

23 (B) APPLICATION OF CREDIT. THE CREDIT ALLOWED UNDER THIS SUBDIVISION
24 FOR ANY TAXABLE YEAR MAY NOT REDUCE THE TAX DUE FOR SUCH YEAR TO LESS
25 THAN THE AMOUNT PRESCRIBED IN PARAGRAPH (D) OF SUBDIVISION ONE OF
26 SECTION TWO HUNDRED TEN OF THIS ARTICLE. HOWEVER, IF THE AMOUNT OF CRED-
27 IT ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR REDUCES THE TAX
28 TO SUCH AMOUNT OR IF THE TAXPAYER OTHERWISE PAYS TAX BASED ON THE FIXED
29 DOLLAR MINIMUM AMOUNT, ANY AMOUNT OF CREDIT THUS NOT DEDUCTIBLE IN SUCH
30 TAXABLE YEAR WILL BE TREATED AS AN OVERPAYMENT OF TAX TO BE CREDITED OR
31 REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF SECTION ONE THOUSAND
32 EIGHTY-SIX OF THIS CHAPTER. PROVIDED, HOWEVER, THE PROVISIONS OF
33 SUBSECTION (C) OF SECTION ONE THOUSAND EIGHTY-EIGHT OF THIS CHAPTER
34 NOTWITHSTANDING, NO INTEREST WILL BE PAID THEREON.

35 41. THE TAX-FREE NY AREA TAX ELIMINATION CREDIT. A TAXPAYER SHALL BE
36 ALLOWED A CREDIT TO BE COMPUTED AS PROVIDED IN SECTION FORTY OF THIS
37 CHAPTER, AGAINST THE TAX IMPOSED BY THIS ARTICLE. UNLESS THE TAXPAYER
38 HAS A TAX-FREE NY AREA ALLOCATION FACTOR OF ONE HUNDRED PERCENT, THE
39 CREDIT ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR SHALL NOT
40 REDUCE THE TAX DUE FOR SUCH YEAR TO LESS THAN THE AMOUNT PRESCRIBED IN
41 PARAGRAPH (D) OF SUBDIVISION ONE OF SECTION TWO HUNDRED TEN OF THIS
42 ARTICLE. HOWEVER, ANY AMOUNT OF CREDIT NOT DEDUCTIBLE IN SUCH TAXABLE
43 YEAR SHALL BE TREATED AS AN OVERPAYMENT OF TAX TO BE CREDITED OR
44 REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF SECTION ONE THOUSAND
45 EIGHTY-SIX OF THIS CHAPTER. PROVIDED, HOWEVER, THE PROVISIONS OF
46 SUBSECTION (C) OF SECTION ONE THOUSAND EIGHTY-EIGHT OF THIS CHAPTER
47 NOTWITHSTANDING, NO INTEREST SHALL BE PAID THEREON.

48 42. ALTERNATIVE BASE CREDIT. (A) IF THE TAX IMPOSED ON A TAXPAYER BY
49 SUBDIVISION ONE OF SECTION TWO HUNDRED NINE OF THIS ARTICLE IS THE
50 AMOUNT PRESCRIBED IN PARAGRAPH (B) OF SUBDIVISION ONE OF SECTION TWO
51 HUNDRED TEN OF THIS ARTICLE, THE TAXPAYER SHALL BE ALLOWED A CREDIT
52 AGAINST THE TAX IMPOSED UNDER THIS ARTICLE EQUAL TO THE AMOUNT OF TAX
53 PAID TO ANOTHER STATE COMPUTED ON A TAX BASE IDENTICAL TO THE TAX BASE
54 PRESCRIBED IN SUCH PARAGRAPH (B). IF THE TAX IMPOSED ON A TAXPAYER BY
55 SUBDIVISION ONE OF SECTION TWO HUNDRED NINE OF THIS ARTICLE IS THE
56 AMOUNT PRESCRIBED IN PARAGRAPH (D) OF SUBDIVISION ONE OF SECTION TWO

1 HUNDRED TEN OF THIS ARTICLE, THE TAXPAYER SHALL BE ALLOWED A CREDIT
2 AGAINST THE TAX IMPOSED UNDER THIS ARTICLE EQUAL TO THE AMOUNT OF TAX
3 PAID TO ANOTHER STATE COMPUTED ON A TAX BASE IDENTICAL TO THE TAX BASE
4 PRESCRIBED IN SUCH PARAGRAPH (D).

5 (B) IN NO EVENT SHALL THE CREDIT ALLOWED UNDER THIS SUBDIVISION FOR
6 ANY TAXABLE YEAR REDUCE THE TAX DUE FOR SUCH YEAR TO LESS THAN THE
7 AMOUNT PRESCRIBED IN PARAGRAPH (D) OF SUBDIVISION ONE OF SECTION TWO
8 HUNDRED TEN OF THIS ARTICLE. HOWEVER, IF THE AMOUNT OF CREDIT ALLOWED
9 UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR REDUCES THE TAX TO SUCH
10 AMOUNT OR IF THE TAXPAYER OTHERWISE PAYS TAX BASED ON THE FIXED DOLLAR
11 MINIMUM AMOUNT, ANY AMOUNT OF CREDIT THUS NOT DEDUCTIBLE IN SUCH TAXABLE
12 YEAR SHALL BE CARRIED OVER TO THE FOLLOWING YEAR OR YEARS, AND MAY BE
13 DEDUCTED FROM THE TAXPAYER'S TAX FOR SUCH YEAR OR YEARS.

14 43. THE TAX-FREE NY AREA EXCISE TAX ON TELECOMMUNICATION SERVICES
15 CREDIT. A TAXPAYER THAT IS A BUSINESS OR OWNER OF A BUSINESS THAT IS
16 LOCATED IN A TAX-FREE NY AREA APPROVED PURSUANT TO ARTICLE TWENTY-ONE OF
17 THE ECONOMIC DEVELOPMENT LAW SHALL BE ALLOWED A CREDIT EQUAL TO THE
18 EXCISE TAX ON TELECOMMUNICATION SERVICES IMPOSED BY SECTION ONE HUNDRED
19 EIGHTY-SIX-E OF THIS CHAPTER AND PASSED THROUGH TO SUCH BUSINESS DURING
20 THE TAXABLE YEAR TO THE EXTENT NOT OTHERWISE DEDUCTED IN COMPUTING
21 ENTIRE NET INCOME UNDER THIS ARTICLE. HOWEVER, ANY AMOUNT OF CREDIT NOT
22 DEDUCTIBLE IN SUCH TAXABLE YEAR SHALL BE TREATED AS AN OVERPAYMENT OF
23 TAX TO BE CREDITED OR REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF
24 SECTION ONE THOUSAND EIGHTY-SIX OF THIS CHAPTER. THIS CREDIT MAY BE
25 CLAIMED ONLY WHERE ANY TAX IMPOSED BY SUCH SECTION ONE HUNDRED
26 EIGHTY-SIX-E HAS BEEN SEPARATELY STATED ON A BILL FROM THE PROVIDER OF
27 TELECOMMUNICATION SERVICES AND PAID BY SUCH BUSINESS WITH RESPECT TO
28 SUCH SERVICES RENDERED WITHIN A TAX-FREE NY AREA DURING THE TAXABLE
29 YEAR. UNLESS THE TAXPAYER HAS A TAX-FREE NY AREA ALLOCATION FACTOR OF
30 ONE HUNDRED PERCENT, THE CREDIT ALLOWED UNDER THIS SUBDIVISION FOR ANY
31 TAXABLE YEAR SHALL NOT REDUCE THE TAX DUE FOR SUCH YEAR TO LESS THAN THE
32 AMOUNT PRESCRIBED IN PARAGRAPH (D) OF SUBDIVISION ONE OF SECTION TWO
33 HUNDRED TEN OF THIS CHAPTER. PROVIDED, HOWEVER, THE PROVISIONS OF
34 SUBSECTION (C) OF SECTION ONE THOUSAND EIGHTY-EIGHT OF THIS CHAPTER
35 NOTWITHSTANDING, NO INTEREST SHALL BE PAID THEREON.

36 44. REAL PROPERTY TAX CREDIT FOR MANUFACTURERS. (A) A QUALIFIED NEW
37 YORK MANUFACTURER, AS DEFINED IN SUBPARAGRAPH (VI) OF PARAGRAPH (A) OF
38 SUBDIVISION ONE OF SECTION TWO HUNDRED TEN OF THIS ARTICLE, WILL BE
39 ALLOWED A CREDIT EQUAL TO TWENTY PERCENT OF THE REAL PROPERTY TAX IT
40 PAID DURING THE TAXABLE YEAR FOR REAL PROPERTY OWNED BY SUCH MANUFACTUR-
41 ER IN NEW YORK WHICH WAS PRINCIPALLY USED DURING THE TAXABLE YEAR FOR
42 MANUFACTURING TO THE EXTENT NOT DEDUCTED IN DETERMINING ENTIRE NET
43 INCOME. THIS CREDIT WILL NOT BE ALLOWED IF THE REAL PROPERTY TAXES THAT
44 ARE THE BASIS FOR THIS CREDIT ARE INCLUDED IN THE CALCULATION OF ANOTHER
45 CREDIT CLAIMED BY THE TAXPAYER.

46 (B) (1) FOR PURPOSES OF THIS SUBDIVISION, THE TERM REAL PROPERTY TAX
47 MEANS A CHARGE IMPOSED UPON REAL PROPERTY BY OR ON BEHALF OF A COUNTY,
48 CITY, TOWN, VILLAGE OR SCHOOL DISTRICT FOR MUNICIPAL OR SCHOOL DISTRICT
49 PURPOSES, PROVIDED THAT THE CHARGE IS LEVIED FOR THE GENERAL PUBLIC
50 WELFARE BY THE PROPER TAXING AUTHORITIES AT A LIKE RATE AGAINST ALL
51 PROPERTY OVER WHICH SUCH AUTHORITIES HAVE JURISDICTION, AND PROVIDED
52 THAT WHERE TAXES ARE LEVIED PURSUANT TO ARTICLE EIGHTEEN OR NINETEEN OF
53 THE REAL PROPERTY TAX LAW, THE PROPERTY MUST HAVE BEEN TAXED AT THE RATE
54 DETERMINED FOR THE CLASS IN WHICH IT IS CONTAINED, AS PROVIDED BY SUCH
55 ARTICLE EIGHTEEN OR NINETEEN, WHICHEVER IS APPLICABLE. THE TERM REAL
56 PROPERTY TAX DOES NOT INCLUDE A CHARGE FOR LOCAL BENEFITS, INCLUDING ANY

1 PORTION OF THAT CHARGE THAT IS PROPERLY ALLOCATED TO THE COSTS ATTRIBUT-
2 ABLE TO MAINTENANCE OR INTEREST, WHEN (I) THE PROPERTY SUBJECT TO THE
3 CHARGE IS LIMITED TO THE PROPERTY THAT BENEFITS FROM THE CHARGE, OR (II)
4 THE AMOUNT OF THE CHARGE IS DETERMINED BY THE BENEFIT TO THE PROPERTY
5 ASSESSED, OR (III) THE IMPROVEMENT FOR WHICH THE CHARGE IS ASSESSED
6 TENDS TO INCREASE THE PROPERTY VALUE.

7 (2) IN ADDITION, THE TERM REAL PROPERTY TAX INCLUDES TAXES PAID BY THE
8 TAXPAYER UPON REAL PROPERTY PRINCIPALLY USED DURING THE TAXABLE YEAR BY
9 THE TAXPAYER IN MANUFACTURING WHERE THE TAXPAYER LEASES SUCH REAL PROP-
10 ERTY FROM AN UNRELATED THIRD PARTY IF THE FOLLOWING CONDITIONS ARE
11 SATISFIED: (I) THE TAX MUST BE PAID BY THE TAXPAYER AS LESSEE PURSUANT
12 TO EXPLICIT REQUIREMENTS IN A WRITTEN LEASE, AND (II) THE TAXPAYER AS
13 LESSEE HAS PAID SUCH TAXES DIRECTLY TO THE TAXING AUTHORITY AND HAS
14 RECEIVED A WRITTEN RECEIPT FOR PAYMENT OF TAXES FROM THE TAXING AUTHORI-
15 TY. IN THE CASE OF A COMBINED GROUP THAT CONSTITUTES A QUALIFIED NEW
16 YORK MANUFACTURER, THE CONDITIONS IN THE PRECEDING SENTENCE ARE SATIS-
17 FIED IF ONE CORPORATION IN THE COMBINED GROUP IS THE LESSEE AND ANOTHER
18 CORPORATION IN THE COMBINED GROUP MAKES THE PAYMENTS TO THE TAXING
19 AUTHORITY.

20 (3) THE TERM REAL PROPERTY TAX DOES NOT INCLUDE A PAYMENT MADE BY THE
21 TAXPAYER IN CONNECTION WITH AN AGREEMENT FOR THE PAYMENT IN LIEU OF
22 TAXES ON REAL PROPERTY AS DEFINED IN SUBDIVISION SEVENTEEN OF SECTION
23 EIGHT HUNDRED FIFTY-FOUR OF THE GENERAL MUNICIPAL LAW, WHETHER SUCH
24 PROPERTY IS OWNED OR LEASED BY THE TAXPAYER, UNLESS THE PAYMENT IN LIEU
25 OF TAXES WAS MADE PURSUANT TO A PAYMENT IN LIEU OF TAX AGREEMENT THAT
26 WAS ENTERED INTO IN CONJUNCTION WITH THE SETTLEMENT OF A TAX CERTIORARI
27 PROCEEDING COMMENCED PURSUANT TO ARTICLE SEVEN OF THE REAL PROPERTY TAX
28 LAW.

29 (4) THE REAL PROPERTY TAXES MUST BE PAID BY THE TAXPAYER IN THE YEAR
30 SUCH TAXES BECOME A LIEN ON THE REAL PROPERTY.

31 (C) CREDIT RECAPTURE. WHERE A QUALIFIED NEW YORK MANUFACTURER'S REAL
32 PROPERTY TAXES WHICH WERE THE BASIS FOR THE ALLOWANCE OF THE CREDIT
33 PROVIDED FOR UNDER THIS SUBDIVISION ARE SUBSEQUENTLY REDUCED AS A RESULT
34 OF A FINAL ORDER IN ANY PROCEEDING UNDER ARTICLE SEVEN OF THE REAL PROP-
35 ERTY TAX LAW OR OTHER PROVISION OF LAW, THE TAXPAYER SHALL ADD BACK, IN
36 THE TAXABLE YEAR IN WHICH SUCH FINAL ORDER IS ISSUED, THE EXCESS OF (1)
37 THE AMOUNT OF CREDIT ORIGINALLY ALLOWED FOR A TAXABLE YEAR OVER (2) THE
38 AMOUNT OF CREDIT DETERMINED BASED UPON THE REDUCED REAL PROPERTY TAXES.
39 IF SUCH FINAL ORDER REDUCES REAL PROPERTY TAXES FOR MORE THAN ONE YEAR,
40 THE TAXPAYER MUST DETERMINE HOW MUCH OF SUCH REDUCTION IS ATTRIBUTABLE
41 TO EACH YEAR COVERED BY SUCH FINAL ORDER AND CALCULATE THE AMOUNT OF
42 CREDIT WHICH IS REQUIRED BY THIS SUBDIVISION TO BE RECAPTURED FOR EACH
43 YEAR BASED ON SUCH REDUCTION.

44 (D) THE CREDIT ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR
45 SHALL NOT REDUCE THE TAX DUE FOR SUCH YEAR TO LESS THAN THE AMOUNT
46 PRESCRIBED IN PARAGRAPH (D) OF SUBDIVISION ONE OF SECTION TWO HUNDRED
47 TEN OF THIS CHAPTER. HOWEVER, ANY AMOUNT OF CREDIT NOT DEDUCTIBLE IN
48 SUCH TAXABLE YEAR SHALL BE TREATED AS AN OVERPAYMENT OF TAX TO BE CRED-
49 ITED OR REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF SECTION ONE THOU-
50 SAND EIGHTY-SIX OF THIS CHAPTER. PROVIDED, HOWEVER, THE PROVISIONS OF
51 SUBSECTION (C) OF SECTION ONE THOUSAND EIGHTY-EIGHT OF THIS CHAPTER
52 NOTWITHSTANDING, NO INTEREST SHALL BE PAID THEREON.

53 45. ORDER OF CREDITS. (A) CREDITS ALLOWABLE UNDER THIS ARTICLE WHICH
54 CANNOT BE CARRIED OVER AND WHICH ARE NOT REFUNDABLE SHALL BE DEDUCTED
55 FIRST. THE CREDIT ALLOWABLE UNDER SUBDIVISION SIX OF THIS SECTION SHALL
56 BE DEDUCTED IMMEDIATELY AFTER THE DEDUCTION OF ALL CREDITS ALLOWABLE

1 UNDER THIS ARTICLE WHICH CANNOT BE CARRIED OVER AND WHICH ARE NOT
2 REFUNDABLE, WHETHER OR NOT A PORTION OF SUCH CREDIT IS REFUNDABLE.
3 CREDITS ALLOWABLE UNDER THIS ARTICLE WHICH CAN BE CARRIED OVER, AND
4 CARRYOVERS OF SUCH CREDITS, SHALL BE DEDUCTED NEXT AFTER THE DEDUCTION
5 OF THE CREDIT ALLOWABLE UNDER SUBDIVISION SIX OF THIS SECTION, AND AMONG
6 SUCH CREDITS, THOSE WHOSE CARRYOVER IS OF LIMITED DURATION SHALL BE
7 DEDUCTED BEFORE THOSE WHOSE CARRYOVER IS OF UNLIMITED DURATION. CREDITS
8 ALLOWABLE UNDER THIS ARTICLE WHICH ARE REFUNDABLE (OTHER THAN THE CREDIT
9 ALLOWABLE UNDER SUBDIVISION SIX OF THIS SECTION) SHALL BE DEDUCTED LAST.

10 46. NOTWITHSTANDING THE REPEAL OF THE CREDIT PROVISIONS CONTAINED IN
11 SECTION TWO HUNDRED TEN OF THIS ARTICLE OR IN ARTICLE THIRTY-TWO OF THIS
12 CHAPTER AND THE ENACTMENT OF THIS SECTION BY A CHAPTER OF THE LAWS OF
13 TWO THOUSAND FOURTEEN:

14 (A) A TAXPAYER SHALL BE ALLOWED TO UTILIZE ANY CARRYFORWARD AMOUNTS OF
15 CREDITS TO WHICH THE TAXPAYER WAS ENTITLED AS OF THE CLOSE OF THE TAXA-
16 BLE YEAR BEGINNING ON OR AFTER JANUARY FIRST, TWO THOUSAND FOURTEEN AND
17 BEFORE JANUARY FIRST, TWO THOUSAND FIFTEEN, OTHER THAN THE CARRYFORWARD
18 AMOUNT OF THE MINIMUM TAX CREDIT PROVIDED UNDER SUBDIVISION THIRTEEN OF
19 SECTION TWO HUNDRED TEN, AS THAT SUBDIVISION WAS IN EFFECT ON DECEMBER
20 THIRTY-FIRST, TWO THOUSAND FOURTEEN.

21 (B) A TAXPAYER SHALL BE REQUIRED IN A TAXABLE YEAR BEGINNING ON OR
22 AFTER JANUARY FIRST, TWO THOUSAND FIFTEEN, TO RECAPTURE ALL OR A PORTION
23 OF A CREDIT ALLOWED UNDER A CREDIT PROVISION IN SECTION TWO HUNDRED TEN
24 OR ARTICLE THIRTY-TWO OF THIS CHAPTER FOR A TAXABLE YEAR BEGINNING PRIOR
25 TO JANUARY FIRST, TWO THOUSAND FIFTEEN IF RECAPTURE WOULD HAVE BEEN
26 REQUIRED UNDER SUCH CREDIT PROVISION.

27 S 18. The tax law is amended by adding a new section 210-C to read as
28 follows:

29 S 210-C. COMBINED REPORTS. 1. TAX. THE TAX ON A COMBINED REPORT SHALL
30 BE THE HIGHEST OF THE PRODUCTS OF (I) THE COMBINED BUSINESS INCOME BASE
31 MULTIPLIED BY THE TAX RATE SPECIFIED IN PARAGRAPH (A) OF SUBDIVISION ONE
32 OF SECTION TWO HUNDRED TEN OF THIS ARTICLE; (II) THE COMBINED CAPITAL
33 BASE MULTIPLIED BY THE TAX RATE SPECIFIED IN PARAGRAPH (B) OF SUBDIVI-
34 SION ONE OF SECTION TWO HUNDRED TEN OF THIS ARTICLE, BUT NOT EXCEEDING
35 THE LIMITATION PROVIDED FOR IN THAT PARAGRAPH (B); OR (III) THE FIXED
36 DOLLAR MINIMUM THAT IS ATTRIBUTABLE TO THE DESIGNATED AGENT OF THE
37 COMBINED GROUP. IN ADDITION, THE TAX ON A COMBINED REPORT SHALL INCLUDE
38 THE FIXED DOLLAR MINIMUM TAX SPECIFIED IN PARAGRAPH (D) OF SUBDIVISION
39 ONE OF SECTION TWO HUNDRED TEN OF THIS ARTICLE FOR EACH MEMBER OF THE
40 COMBINED GROUP, OTHER THAN THE DESIGNATED AGENT, THAT IS A TAXPAYER.

41 (B) THE COMBINED BUSINESS INCOME BASE IS THE AMOUNT OF THE COMBINED
42 BUSINESS INCOME OF THE COMBINED GROUP THAT IS APPORTIONED TO THE STATE,
43 REDUCED BY ANY NET OPERATING LOSS DEDUCTION FOR THE COMBINED GROUP. THE
44 COMBINED CAPITAL BASE IS THE AMOUNT OF THE COMBINED CAPITAL OF THE
45 COMBINED GROUP THAT IS APPORTIONED TO THE STATE.

46 2. COMBINED REPORTS REQUIRED. (A) EXCEPT AS PROVIDED IN PARAGRAPH (C)
47 OF THIS SUBDIVISION, ANY TAXPAYER (I) WHICH OWNS OR CONTROLS EITHER
48 DIRECTLY OR INDIRECTLY MORE THAN FIFTY PERCENT OF THE CAPITAL STOCK OF
49 ONE OR MORE OTHER CORPORATIONS, OR (II) MORE THAN FIFTY PERCENT OF THE
50 CAPITAL STOCK OF WHICH IS OWNED OR CONTROLLED EITHER DIRECTLY OR INDI-
51 RECTLY BY ONE OR MORE OTHER CORPORATIONS, OR (III) MORE THAN FIFTY
52 PERCENT OF THE CAPITAL STOCK OF WHICH AND THE CAPITAL STOCK OF ONE OR
53 MORE OTHER CORPORATIONS, IS OWNED OR CONTROLLED, DIRECTLY OR INDIRECTLY,
54 BY THE SAME INTERESTS, AND (IV) THAT IS ENGAGED IN A UNITARY BUSINESS
55 WITH THOSE CORPORATIONS, SHALL MAKE A COMBINED REPORT WITH THOSE OTHER
56 CORPORATIONS.

1 (B) A CORPORATION REQUIRED TO MAKE A COMBINED REPORT WITHIN THE MEAN-
2 ING OF THIS SECTION SHALL ALSO INCLUDE (I) A CAPTIVE REIT AND A CAPTIVE
3 RIC IF THE CAPTIVE REIT OR CAPTIVE RIC IS NOT REQUIRED TO BE INCLUDED IN
4 A COMBINED REPORT UNDER ARTICLE THIRTY-THREE OF THIS CHAPTER; (II) AN
5 OVERCAPITALIZED CAPTIVE INSURANCE COMPANY; AND (III) AN ALIEN CORPO-
6 RATION THAT SATISFIES THE CONDITIONS IN PARAGRAPH (A) OF THIS SUBDIVI-
7 SION IF (I) UNDER ANY PROVISION OF THE INTERNAL REVENUE CODE, THAT
8 CORPORATION IS TREATED AS A "DOMESTIC CORPORATION" AS DEFINED IN SECTION
9 SEVEN THOUSAND SEVEN HUNDRED ONE OF THE INTERNAL REVENUE CODE, OR (II)
10 IT HAS EFFECTIVELY CONNECTED INCOME FOR THE TAXABLE YEAR PURSUANT TO
11 CLAUSE (IV) OF THE OPENING PARAGRAPH OF SUBDIVISION NINE OF SECTION TWO
12 HUNDRED EIGHT OF THIS ARTICLE.

13 (C) A CORPORATION REQUIRED OR PERMITTED TO MAKE A COMBINED REPORT
14 UNDER THIS SECTION DOES NOT INCLUDE (I) A CORPORATION THAT IS SUBJECT TO
15 FRANCHISE TAX, OR WOULD BE IF DOING BUSINESS IN THIS STATE UNDER ARTICLE
16 NINE OR THIRTY-THREE OF THIS CHAPTER; (II) A REIT THAT IS NOT A CAPTIVE
17 REIT, AND A RIC THAT IS NOT A CAPTIVE RIC; (III) A NEW YORK S CORPO-
18 RATION; (IV) A CORPORATION THAT IS SUBJECT TO TAX UNDER THIS ARTICLE
19 SOLELY AS A RESULT OF ITS OWNERSHIP OF A LIMITED PARTNER INTEREST IN A
20 LIMITED PARTNERSHIP THAT IS DOING BUSINESS, EMPLOYING CAPITAL, OWNING OR
21 LEASING PROPERTY, MAINTAINING AN OFFICE IN THIS STATE, OR DERIVING
22 RECEIPTS FROM ACTIVITY IN THIS STATE, PROVIDED THAT THE CORPORATION IS
23 NOT OTHERWISE REQUIRED TO FILE A COMBINED REPORT PURSUANT TO THIS
24 SECTION; OR (V) AN ALIEN CORPORATION THAT HAS NO EFFECTIVELY CONNECTED
25 INCOME FOR THE TAXABLE YEAR PURSUANT TO CLAUSE (IV) OF THE OPENING PARA-
26 GRAPH OF SUBDIVISION NINE OF SECTION TWO HUNDRED EIGHT OF THIS ARTICLE.

27 (D) A COMBINED REPORT SHALL BE FILED BY THE DESIGNATED AGENT OF THE
28 COMBINED GROUP AS DETERMINED UNDER SUBDIVISION SEVEN OF THIS SECTION.

29 3. COMMONLY OWNED GROUP ELECTION. (A) SUBJECT TO THE PROVISIONS OF
30 PARAGRAPH (C) OF SUBDIVISION TWO OF THIS SECTION, A TAXPAYER MAY ELECT
31 TO TREAT AS ITS COMBINED GROUP ALL CORPORATIONS THAT MEET THE OWNERSHIP
32 REQUIREMENTS DESCRIBED IN PARAGRAPH (A) OF SUBDIVISION TWO OF THIS
33 SECTION (SUCH CORPORATIONS COLLECTIVELY REFERRED TO IN THIS SUBDIVISION
34 AS THE "COMMONLY OWNED GROUP"). IF THAT ELECTION IS MADE, THE COMMONLY
35 OWNED GROUP SHALL CALCULATE THE COMBINED BUSINESS INCOME, COMBINED CAPI-
36 TAL, AND FIXED DOLLAR MINIMUM BASES OF ALL MEMBERS OF THE GROUP IN
37 ACCORDANCE WITH PARAGRAPH FOUR OF THIS SUBDIVISION, WHETHER OR NOT THAT
38 BUSINESS INCOME OR BUSINESS CAPITAL IS FROM A SINGLE UNITARY BUSINESS.

39 (B) THE ELECTION UNDER THIS SUBDIVISION SHALL BE MADE ON AN ORIGINAL,
40 TIMELY FILED RETURN OF THE COMBINED GROUP. ANY CORPORATION ENTERING A
41 COMMONLY OWNED GROUP SUBSEQUENT TO THE YEAR OF ELECTION SHALL BE
42 INCLUDED IN THE COMBINED GROUP AND IS CONSIDERED TO HAVE WAIVED ANY
43 OBJECTION TO ITS INCLUSION IN THE COMBINED GROUP.

44 (C) THE ELECTION SHALL BE IRREVOCABLE, AND BINDING FOR AND APPLICABLE
45 TO THE TAXABLE YEAR FOR WHICH IT IS MADE AND FOR THE NEXT SIX TAXABLE
46 YEARS. THE ELECTION WILL AUTOMATICALLY BE RENEWED FOR ANOTHER SEVEN
47 TAXABLE YEARS AFTER IT HAS BEEN IN EFFECT FOR SEVEN TAXABLE YEARS UNLESS
48 IT IS AFFIRMATIVELY REVOKED. THE REVOCATION SHALL BE MADE ON AN
49 ORIGINAL, TIMELY FILED RETURN FOR THE FIRST TAXABLE YEAR AFTER THE
50 COMPLETION OF A SEVEN YEAR PERIOD FOR WHICH AN ELECTION UNDER THIS
51 SUBDIVISION WAS IN PLACE. IN THE CASE OF A REVOCATION, A NEW ELECTION
52 UNDER THIS SUBDIVISION SHALL NOT BE PERMITTED IN ANY OF THE IMMEDIATELY
53 FOLLOWING THREE TAXABLE YEARS. IN DETERMINING THE SEVEN AND THREE YEAR
54 PERIODS DESCRIBED IN THIS PARAGRAPH, SHORT TAXABLE YEARS SHALL NOT BE
55 CONSIDERED OR COUNTED.

(D) NOTWITHSTANDING PARAGRAPH (A) OF THIS SUBDIVISION FOR TAXABLE YEARS COMMENCING ON OR AFTER JANUARY FIRST, TWO THOUSAND FOURTEEN BUT ENDING BEFORE JANUARY FIRST, TWO THOUSAND SEVENTEEN, A TAXPAYER MAY ELECT TO TREAT AS ITS COMBINED GROUP ALL CORPORATIONS THAT ARE INCLUDED IN A TAXPAYERS FEDERAL TAX RETURN CONSOLIDATED GROUP AS ALLOWED BY INTERNAL REVENUE CODE SECTION 1501 AND AS DEFINED BY INTERNAL REVENUE CODE SECTION 1504.

4. COMPUTATION OF TAX BASES ON A COMBINED REPORT. (A) IN COMPUTING THE TAX BASES FOR A COMBINED REPORT, THE COMBINED GROUP SHALL GENERALLY BE TREATED AS A SINGLE CORPORATION, EXCEPT AS OTHERWISE PROVIDED, AND SUBJECT TO ANY REGULATIONS OR GUIDANCE ISSUED BY THE COMMISSIONER OR THE DEPARTMENT.

(B)(I) IN COMPUTING COMBINED BUSINESS INCOME, ALL INTERCORPORATE DIVIDENDS SHALL BE ELIMINATED, AND ALL OTHER INTERCORPORATE TRANSACTIONS SHALL BE DEFERRED IN A MANNER SIMILAR TO THE UNITED STATES TREASURY REGULATIONS RELATING TO INTERCOMPANY TRANSACTIONS UNDER SECTION FIFTEEN HUNDRED TWO OF THE INTERNAL REVENUE CODE. AN INCOME, DEDUCTION, GAIN, OR LOSS RECOGNITION OR CREDIT RECAPTURE EVENT THAT WOULD OTHERWISE OCCUR PURSUANT TO SUCH RULES WHEN A CORPORATION JOINS A CONSOLIDATED RETURN GROUP SHALL BE DEEMED NOT TO OCCUR WHEN SUCH RECOGNITION OR RECAPTURE EVENT RESULTS FROM A CORPORATION FILING A COMBINED REPORT UNDER THIS ARTICLE FOR ITS FIRST TAXABLE YEAR COMMENCING ON OR AFTER JANUARY FIRST, TWO THOUSAND FIFTEEN, WITH ANOTHER CORPORATION OR CORPORATIONS WITH WHICH IT COULD NOT HAVE FILED COMBINED REPORTS FOR PRIOR TAXABLE YEARS OR FROM A CORPORATION NOT FILING A COMBINED REPORT FOR ITS FIRST TAXABLE YEAR COMMENCING ON OR AFTER JANUARY FIRST, TWO THOUSAND FIFTEEN, WITH A CORPORATION OR CORPORATIONS WITH WHICH IT FILED A COMBINED REPORT FOR THE IMMEDIATELY PRECEDING TAXABLE YEAR.

(II) IN COMPUTING COMBINED CAPITAL, ALL INTERCORPORATE STOCKHOLDINGS, INTERCORPORATE BILLS, INTERCORPORATE NOTES RECEIVABLE AND PAYABLE, INTERCORPORATE ACCOUNTS RECEIVABLE AND PAYABLE, AND OTHER INTERCORPORATE INDEBTEDNESS, SHALL BE ELIMINATED.

(C) QUALIFICATION FOR CREDITS, INCLUDING ANY LIMITATIONS THEREON, SHALL BE DETERMINED SEPARATELY FOR EACH OF THE MEMBERS OF THE COMBINED GROUP, AND SHALL NOT BE DETERMINED ON A COMBINED GROUP BASIS, EXCEPT AS OTHERWISE PROVIDED. HOWEVER, THE CREDITS SHALL BE APPLIED AGAINST THE COMBINED TAX OF THE GROUP. TO THE EXTENT THAT A PROVISION OF SECTION TWO HUNDRED TEN-B OF THIS ARTICLE LIMITS A CREDIT TO THE FIXED DOLLAR MINIMUM AMOUNT PRESCRIBED IN PARAGRAPH (D) OF SUBDIVISION ONE OF SECTION TWO HUNDRED TEN OF THIS ARTICLE, SUCH FIXED DOLLAR MINIMUM AMOUNT SHALL BE THE FIXED DOLLAR MINIMUM AMOUNT THAT IS ATTRIBUTABLE TO THE DESIGNATED AGENT OF THE COMBINED GROUP.

(D)(I) A NET OPERATING LOSS DEDUCTION IS ALLOWED IN COMPUTING THE COMBINED BUSINESS INCOME BASE. SUCH DEDUCTION MAY REDUCE THE TAX ON THE COMBINED BUSINESS INCOME BASE TO THE HIGHER OF THE TAX ON THE COMBINED CAPITAL BASE OR THE FIXED DOLLAR MINIMUM. A COMBINED NET OPERATING LOSS DEDUCTION IS EQUAL TO THE AMOUNT OF COMBINED NET OPERATING LOSS OR LOSSES FROM ONE OR MORE TAXABLE YEARS THAT ARE CARRIED FORWARD TO A PARTICULAR INCOME YEAR. A COMBINED NET OPERATING LOSS IS THE COMBINED BUSINESS LOSS INCURRED IN A PARTICULAR TAXABLE YEAR MULTIPLIED BY THE COMBINED APPORTIONMENT FACTOR FOR THAT YEAR DETERMINED AS PROVIDED IN SUBDIVISION FIVE OF THIS SECTION.

(II) THE COMBINED NET OPERATING LOSS DEDUCTION AND COMBINED NET OPERATING LOSS ARE ALSO SUBJECT TO THE PROVISIONS CONTAINED IN CLAUSES ONE THROUGH SIX OF SUBPARAGRAPH (VIII) OF PARAGRAPH (A) OF SUBDIVISION ONE OF SECTION TWO HUNDRED TEN OF THIS ARTICLE.

1 (III) IN THE CASE OF A CORPORATION THAT FILES A COMBINED REPORT,
2 EITHER IN THE YEAR THE NET OPERATING LOSS IS INCURRED OR IN THE YEAR IN
3 WHICH A DEDUCTION IS CLAIMED ON ACCOUNT OF THE LOSS, THE COMBINED NET
4 OPERATING LOSS DEDUCTION IS DETERMINED AS IF THE COMBINED GROUP IS A
5 SINGLE CORPORATION AND IS SUBJECT TO THE SAME LIMITATIONS THAT WOULD
6 APPLY FOR FEDERAL INCOME TAX PURPOSES UNDER THE INTERNAL REVENUE CODE
7 AND THE CODE OF FEDERAL REGULATIONS AS IF SUCH CORPORATION HAD FILED FOR
8 SUCH TAXABLE YEAR A CONSOLIDATED FEDERAL INCOME TAX RETURN WITH THE SAME
9 CORPORATIONS INCLUDED IN THE COMBINED REPORT. IF A CORPORATION FILES A
10 COMBINED REPORT, REGARDLESS OF WHETHER IT FILED A SEPARATE RETURN OR
11 CONSOLIDATED RETURN FOR FEDERAL INCOME TAX PURPOSES, THE NET OPERATING
12 LOSS AND NET OPERATING LOSS DEDUCTION FOR THE COMBINED GROUP MUST BE
13 COMPUTED AS IF THE CORPORATION HAD FILED A CONSOLIDATED RETURN FOR THE
14 SAME CORPORATIONS FOR FEDERAL INCOME TAX PURPOSES.

15 (IV) IN GENERAL, ANY NET OPERATING LOSS CARRYOVER FROM A YEAR IN WHICH
16 A COMBINED REPORT WAS FILED SHALL BE BASED ON THE COMBINED NET OPERATING
17 LOSS OF THE GROUP OF CORPORATIONS FILING SUCH REPORT. THE PORTION OF THE
18 COMBINED LOSS ATTRIBUTABLE TO ANY MEMBER OF THE GROUP THAT FILES A SEPA-
19 RATE REPORT FOR A SUCCEEDING TAXABLE YEAR WILL BE AN AMOUNT BEARING THE
20 SAME RELATION TO THE COMBINED LOSS AS THE NET OPERATING LOSS OF SUCH
21 CORPORATION BEARS TO THE TOTAL NET OPERATING LOSS OF ALL MEMBERS OF THE
22 GROUP HAVING SUCH LOSSES TO THE EXTENT THAT THEY ARE TAKEN INTO ACCOUNT
23 IN COMPUTING THE COMBINED NET OPERATING LOSS.

24 (E) ANY ELECTION MADE PURSUANT TO PARAGRAPH (B) OF SUBDIVISION SIX,
25 AND PARAGRAPHS (B) AND (C) OF SUBDIVISION SIX-A OF SECTION TWO HUNDRED
26 EIGHT OF THIS ARTICLE SHALL APPLY TO ALL MEMBERS OF THE COMBINED GROUP.

27 (F)(I) IN THE CASE OF A CAPTIVE REIT OR CAPTIVE RIC REQUIRED UNDER
28 THIS SECTION TO BE INCLUDED IN A COMBINED REPORT, ENTIRE NET INCOME
29 SHALL BE COMPUTED AS REQUIRED UNDER SUBDIVISION FIVE (IN THE CASE OF A
30 CAPTIVE REIT) OR SUBDIVISION SEVEN (IN THE CASE OF A CAPTIVE RIC) OF
31 SECTION TWO HUNDRED NINE OF THIS ARTICLE. HOWEVER, THE DEDUCTION UNDER
32 THE INTERNAL REVENUE CODE FOR DIVIDENDS PAID BY THE CAPTIVE REIT OR
33 CAPTIVE RIC TO ANY MEMBER OF THE AFFILIATED GROUP THAT INCLUDES THE
34 CORPORATION THAT DIRECTLY OR INDIRECTLY OWNS OVER FIFTY PERCENT OF THE
35 VOTING STOCK OF THE CAPTIVE REIT OR CAPTIVE RIC SHALL NOT BE ALLOWED.
36 FOR PURPOSES OF THIS SUBPARAGRAPH, THE TERM "AFFILIATED GROUP" MEANS
37 "AFFILIATED GROUP" AS DEFINED IN SECTION FIFTEEN HUNDRED FOUR OF THE
38 INTERNAL REVENUE CODE, BUT WITHOUT REGARD TO THE EXCEPTIONS PROVIDED FOR
39 IN SUBSECTION (B) OF THAT SECTION.

40 (II) IN THE CASE OF AN OVERCAPITALIZED CAPTIVE INSURANCE COMPANY
41 REQUIRED UNDER THIS SECTION TO BE INCLUDED IN A COMBINED REPORT, ENTIRE
42 NET INCOME SHALL BE COMPUTED AS REQUIRED BY SUBDIVISION NINE OF SECTION
43 TWO HUNDRED EIGHT OF THIS ARTICLE.

44 5. APPORTIONMENT ON A COMBINED REPORT. (A) IN DETERMINING THE APPOR-
45 TIONMENT FACTOR FOR A COMBINED REPORT, THE RECEIPTS, NET INCOME, NET
46 GAINS AND OTHER ITEMS OF ALL MEMBERS OF THE COMBINED GROUP, WHETHER OR
47 NOT THEY ARE A TAXPAYER, ARE INCLUDED AND INTERCORPORATE RECEIPTS,
48 INCOME AND GAINS ARE ELIMINATED. RECEIPTS, NET INCOME, NET GAINS AND
49 OTHER ITEMS ARE SOURCED AS PROVIDED IN SECTION TWO HUNDRED TEN-A OF THIS
50 ARTICLE.

51 (B) AN ELECTION MADE TO APPORTION INCOME AND GAINS FROM QUALIFYING
52 FINANCIAL INSTRUMENTS PURSUANT TO SUBPARAGRAPH ONE OF PARAGRAPH (A) OF
53 SUBDIVISION FIVE OF SECTION TWO HUNDRED TEN-A OF THIS ARTICLE SHALL
54 APPLY TO ALL MEMBERS OF THE COMBINED GROUP.

1 6. LIABILITY OF COMBINED GROUP MEMBERS. EVERY MEMBER OF THE COMBINED
2 GROUP THAT IS SUBJECT TO TAX UNDER THIS ARTICLE SHALL BE JOINTLY AND
3 SEVERALLY LIABLE FOR THE TAX DUE PURSUANT TO A COMBINED REPORT.

4 7. DESIGNATED AGENT. EACH COMBINED GROUP SHALL HAVE ONE DESIGNATED
5 AGENT, WHICH SHALL BE A TAXPAYER. THE DESIGNATED AGENT IS THE PARENT
6 CORPORATION OF THE COMBINED GROUP. IF THERE IS NO SUCH PARENT CORPO-
7 RATION, OR THE PARENT CORPORATION IS NOT A TAXPAYER, THEN ANOTHER MEMBER
8 OF THE COMBINED GROUP THAT IS A TAXPAYER MAY BE APPOINTED AS THE DESIG-
9 NATED AGENT. ONLY THE DESIGNATED AGENT MAY ACT ON BEHALF OF THE MEMBERS
10 OF THE COMBINED GROUP FOR MATTERS RELATING TO THE COMBINED REPORT.

11 S 19. Subdivisions 2-a, 3, 4 and 5 of section 211 of the tax law,
12 subdivision 2-a as added and subdivision 5 as amended by chapter 817 of
13 the laws of 1987, subdivision 3 as amended by chapter 770 of the laws of
14 1992, subdivision 4 as amended by section 2 of part T of chapter 407 of
15 the laws of 1999, the opening paragraph and the second undesignated
16 paragraph of paragraph (a) of subdivision 4 as amended by section 1,
17 subparagraph 4 of paragraph (a) of subdivision 4 as amended by section
18 2, and subparagraph 5 of paragraph (a) of subdivision 4 as amended by
19 section 3 of part J of chapter 60 of the laws of 2007, subparagraph 6 of
20 paragraph (a) of subdivision 4 as added by section 3 of part FF1 of
21 chapter 57 of the laws of 2008, subparagraph 7 of paragraph (a) of
22 subdivision 4 as added by section 2 and subparagraph 1 of paragraph (b)
23 of subdivision 4 as amended by section 3 of part E1 of chapter 57 of the
24 laws of 2009, are amended to read as follows:

25 2-a. The [tax commission] COMMISSIONER may prescribe regulations and
26 instructions requiring returns of information to be made and filed in
27 conjunction with the reports required to be filed pursuant to [section
28 two hundred eleven] THIS ARTICLE, relating to payments made to share-
29 holders owning, directly or indirectly, individually or in the aggre-
30 gate, more than fifty percent of the issued capital stock of the taxpay-
31 er, where such payments are treated as payments of interest in the
32 computation of entire net income [or minimum taxable income] reported on
33 such reports.

34 3. If the amount of taxable income [or alternative minimum taxable
35 income] for any year of any taxpayer (including any taxpayer which has
36 elected to be taxed under subchapter s of chapter one of the internal
37 revenue code), as returned to the United States treasury department is
38 changed or corrected by the commissioner of internal revenue or other
39 officer of the United States or other competent authority, or where a
40 renegotiation of a contract or subcontract with the United States
41 results in a change in taxable income [or alternative minimum taxable
42 income], such taxpayer shall report such changed or corrected taxable
43 income [or alternative minimum taxable income], or the results of such
44 renegotiation, within ninety days (or one hundred twenty days, in the
45 case of a taxpayer making a combined report under this article for such
46 year) after the final determination of such change or correction or
47 renegotiation, or as required by the commissioner, and shall concede the
48 accuracy of such determination or state wherein it is erroneous. The
49 allowance of a tentative carryback adjustment based upon a net operating
50 loss carryback or net capital loss carryback pursuant to section sixty-
51 four hundred eleven of the internal revenue code, as amended, shall be
52 treated as a final determination for purposes of this subdivision. Any
53 taxpayer filing an amended return with such department shall also file
54 within ninety days (OR ONE HUNDRED TWENTY DAYS, IN THE CASE OF A TAXPAY-
55 ER MAKING A COMBINED REPORT UNDER THIS ARTICLE FOR SUCH YEAR) thereafter
56 an amended report with the commissioner.

1 4. [(a) Combined reports permitted or required. Any taxpayer, which
2 owns or controls either directly or indirectly substantially all the
3 capital stock of one or more other corporations, or substantially all
4 the capital stock of which is owned or controlled either directly or
5 indirectly by one or more other corporations or by interests which own
6 or control either directly or indirectly substantially all the capital
7 stock of one or more other corporations, (hereinafter referred to in
8 this paragraph as "related corporations"), shall make a combined report
9 covering any related corporations if there are substantial intercorpo-
10 rate transactions among the related corporations, regardless of the
11 transfer price for such intercorporate transactions. It is not necessary
12 that there be substantial intercorporate transactions between any one
13 corporation and every other related corporation. It is necessary, howev-
14 er, that there be substantial intercorporate transactions between the
15 taxpayer and a related corporation or collectively, a group of such
16 related corporations. The report shall set forth such information as the
17 commissioner may require, subject to the provisions of subparagraphs one
18 through five of this paragraph.

19 In determining whether there are substantial intercorporate trans-
20 actions, the commissioner shall consider and evaluate all activities and
21 transactions of the taxpayer and its related corporations. Activities
22 and transactions that will be considered include, but are not limited
23 to: (i) manufacturing, acquiring goods or property, or performing
24 services, for related corporations; (ii) selling goods acquired from
25 related corporations; (iii) financing sales of related corporations;
26 (iv) performing related customer services using common facilities and
27 employees for related corporations; (v) incurring expenses that benefit,
28 directly or indirectly, one or more related corporations, and (vi)
29 transferring assets, including such assets as accounts receivable,
30 patents or trademarks from one or more related corporations.

31 (1) Any corporation which owns or controls either directly or indi-
32 rectly substantially all the capital stock of a DISC not exempt from tax
33 under paragraph (i) of subdivision nine of section two hundred eight of
34 this article shall be allowed, at the election of such corporation, to
35 make a report on a combined basis covering such DISC, but the failure of
36 such corporation to make such election shall not prohibit the commis-
37 sioner from requiring a combined report covering such corporation and
38 such DISC.

39 (2)(i) No taxpayer may be permitted to make a report on a combined
40 basis covering any such other corporations where such taxpayer or any
41 such other corporation allocates in accordance with clause (A) of
42 subparagraph seven of paragraph (a) of subdivision three of section two
43 hundred ten of this article (relating to aviation corporations) and such
44 taxpayer or any such other corporation does not so allocate, unless such
45 taxpayer or such other corporation is a qualified air freight forwarder
46 with respect to such other corporation or such taxpayer, respectively,
47 and all taxpayers included on such combined report elect, by filing such
48 combined report, to have such qualified air freight forwarder so
49 included.

50 (ii) A corporation is a qualified air freight forwarder with respect
51 to another corporation:

52 (A) if it owns or controls either directly or indirectly all of the
53 capital stock of such other corporation, or if all of its capital stock
54 is owned or controlled either directly or indirectly by such other
55 corporation, or if all of the capital stock of both corporations is
56 owned or controlled either directly or indirectly by the same interests,

1 (B) if it is principally engaged in the business of air freight
2 forwarding, and

3 (C) if its air freight forwarding business is carried on principally
4 with the airline or airlines operated by such other corporation.

5 (3) No taxpayer may be permitted to make a report on a combined basis
6 covering any such other corporations where such taxpayer or any such
7 other corporation allocates in accordance with subparagraph eight of
8 paragraph (a) of subdivision three of section two hundred ten of this
9 article (relating to railroad and trucking corporations) and such
10 taxpayer or any such other corporation does not so allocate.

11 (4) Except as provided in the first undesignated paragraph of this
12 paragraph, no combined report covering any corporation shall be required
13 unless the commissioner deems such a report necessary, because of
14 inter-company transactions or some agreement, understanding, arrangement
15 or transaction referred to in subdivision five of this section, in order
16 properly to reflect the tax liability under this article.

17 (5) A corporation organized under the laws of a country other than the
18 United States shall not be required or permitted to make a report on a
19 combined basis.

20 (6) (i) For purposes of this subparagraph, the term "closest control-
21 ling stockholder" means the corporation that indirectly owns or controls
22 over fifty percent of the voting stock of a captive REIT or captive RIC,
23 is subject to tax under this article, article thirty-two or thirty-three
24 of this chapter or otherwise required to be included in a combined
25 return or report under this article, article thirty-two or thirty-three
26 of this chapter, and is the fewest tiers of corporations away in the
27 ownership structure from the captive REIT or captive RIC. The commis-
28 sioner is authorized to prescribe by regulation or published guidance
29 the criteria for determining the closest controlling stockholder.

30 (ii) A captive REIT or a captive RIC must be included in a combined
31 report with the corporation that directly owns or controls over fifty
32 percent of the voting stock of the captive REIT or captive RIC if that
33 corporation is subject to tax or required to be included in a combined
34 report under this article.

35 (iii) If over fifty percent of the voting stock of a captive REIT or
36 captive RIC is not directly owned or controlled by a corporation that is
37 subject to tax or required to be included in a combined report under
38 this article, then the captive REIT or captive RIC must be included in a
39 combined return or report with the corporation that is the closest
40 controlling stockholder of the captive REIT or captive RIC. If the clos-
41 est controlling stockholder of the captive REIT or captive RIC is
42 subject to tax or otherwise required to be included in a combined report
43 under this article, then the captive REIT or captive RIC must be
44 included in a combined report under this article.

45 (iv) If the corporation that directly owns or controls the voting
46 stock of the captive REIT or captive RIC is described in subparagraph
47 two, three or five of this paragraph as a corporation not permitted to
48 make a combined report, then the provisions in clause (iii) of this
49 subparagraph must be applied to determine the corporation in whose
50 combined return or report the captive REIT or captive RIC should be
51 included. If, under clause (iii) of this subparagraph, the corporation
52 that is the closest controlling stockholder of the captive REIT or
53 captive RIC is described in subparagraph two, three or five of this
54 paragraph as a corporation not permitted to make a combined return, then
55 that corporation is deemed to not be in the ownership structure of the

1 captive REIT or captive RIC, and the closest controlling stockholder
2 will be determined without regard to that corporation.

3 (v) If a captive REIT owns the stock of a qualified REIT subsidiary
4 (as defined in paragraph two of subsection (i) of section eight hundred
5 fifty-six of the internal revenue code), then the qualified REIT subsid-
6 iary must be included in a combined report with the captive REIT.

7 (vi) If a captive REIT or a captive RIC is required under this subpar-
8 agraph to be included in a combined report with another corporation, and
9 that other corporation is also required to be included in a combined
10 report with another related corporation or corporations under this para-
11 graph, then the captive REIT or the captive RIC must be included in that
12 combined report with those corporations.

13 (vii) If a captive REIT or a captive RIC is not required to be
14 included in a combined report with another corporation under clause (ii)
15 or (iii) of this subparagraph, or in a combined return under the
16 provisions of either subparagraph (v) of paragraph two of subsection (f)
17 of section fourteen hundred sixty-two or paragraph four of subdivision
18 (f) of section fifteen hundred fifteen of this chapter, then the captive
19 REIT or captive RIC is subject to the opening provisions of this para-
20 graph and the provisions of subparagraph four of this paragraph. The
21 captive REIT or captive RIC must be included in a combined report under
22 this article with another corporation if either the substantial inter-
23 corporate transactions requirement in the opening provisions of this
24 paragraph or the inter-company transactions or agreement, understanding,
25 arrangement or transaction requirement of subparagraph four of this
26 paragraph is satisfied and more than fifty percent of the voting stock
27 of the captive REIT or the captive RIC and substantially all of the
28 capital stock of that other corporation are owned and controlled,
29 directly or indirectly, by the same corporation.

30 (7) (i) For purposes of this subparagraph, the term "closest control-
31 ling stockholder" means the corporation that indirectly owns or controls
32 over fifty percent of the voting stock of an overcapitalized captive
33 insurance company; is subject to tax under this article or article thirty-
34 two of this chapter, or is otherwise required to be included in a
35 combined return or report under this article or article thirty-two of
36 this chapter; and is the fewest tiers of corporations away in the owner-
37 ship structure from the overcapitalized captive insurance company. The
38 commissioner is authorized to prescribe by regulation or published guid-
39 ance the criteria for determining the closest controlling stockholder.

40 (ii) An overcapitalized captive insurance company must be included in
41 a combined report with the corporation that directly owns or controls
42 over fifty percent of the voting stock of the overcapitalized captive
43 insurance company if that corporation is subject to tax or required to
44 be included in a combined report under this article.

45 (iii) If over fifty percent of the voting stock of an overcapitalized
46 captive insurance company is not directly owned or controlled by a
47 corporation that is subject to tax or required to be included in a
48 combined report under this article, then the overcapitalized captive
49 insurance company must be included in a combined return or report with
50 the corporation that is the closest controlling stockholder of the over-
51 capitalized captive insurance company. If the closest controlling stock-
52 holder of the overcapitalized captive insurance company is subject to
53 tax or otherwise required to be included in a combined report under this
54 article, then the overcapitalized captive insurance company must be
55 included in a combined report under this article.

1 (iv) If the corporation that directly owns or controls the voting
2 stock of the overcapitalized captive insurance company is described in
3 subparagraph two, three, or five of this paragraph as a corporation not
4 permitted to make a combined report, then the provisions in clause (iii)
5 of this subparagraph must be applied to determine the corporation in
6 whose combined return or report the overcapitalized captive insurance
7 company should be included. If, under clause (iii) of this subparagraph,
8 the corporation that is the closest controlling stockholder of the over-
9 capitalized captive insurance company is described in subparagraph two,
10 three or five of this paragraph as a corporation not permitted to make a
11 combined return, then that corporation is deemed not to be in the owner-
12 ship structure of the overcapitalized captive insurance company, and the
13 closest controlling stockholder will be determined without regard to
14 that corporation.

15 (v) If an overcapitalized captive insurance company is required under
16 this subparagraph to be included in a combined report with another
17 corporation, and that other corporation is also required to be included
18 in a combined report with another related corporation or corporations
19 under this paragraph, then the overcapitalized captive insurance company
20 must be included in that combined report with those corporations.

21 (vi) If an overcapitalized captive insurance company is not required
22 to be included in a combined report with another corporation under
23 clause (ii) or (iii) of this subparagraph, or in a combined return under
24 the provisions of subparagraph (v) of paragraph two of subsection (f) of
25 section fourteen hundred sixty-two of this chapter, then the overcap-
26 italized captive insurance company is subject to the opening provisions
27 of this paragraph and the provisions of subparagraph four of this para-
28 graph. The overcapitalized captive insurance company must be included in
29 a combined report under this article with another corporation if either
30 the substantial intercorporate transactions requirement in the opening
31 provisions of this paragraph or the inter-company transactions or agree-
32 ment, understanding, arrangement or transaction requirement of subpara-
33 graph four of this paragraph is satisfied, and both more than fifty
34 percent of the voting stock of the overcapitalized captive insurance
35 company and substantially all of the capital stock of that other corpo-
36 ration are owned and controlled, directly or indirectly, by the same
37 corporation.

38 (b) Computation. (1) Tax. (i) In the case of a combined report the tax
39 shall be measured by the combined entire net income, combined minimum
40 taxable income, combined pre-nineteen hundred ninety minimum taxable
41 income or combined capital, of all the corporations included in the
42 report, including any captive REIT, captive RIC or overcapitalized
43 captive insurance company; provided, however, in no event shall the tax
44 measured by combined capital exceed the limitation provided for in para-
45 graph (b) of subdivision one of section two hundred ten of this article.

46 (ii) In the case of a captive REIT or captive RIC required under this
47 subdivision to be included in a combined report, entire net income must
48 be computed as required under subdivision five (in the case of a captive
49 REIT) or subdivision seven (in the case of a captive RIC) of section two
50 hundred nine of this article. However, the deduction under the internal
51 revenue code for dividends paid by the captive REIT or captive RIC to
52 any member of the affiliated group that includes the corporation that
53 directly or indirectly owns over fifty percent of the voting stock of
54 the captive REIT or captive RIC shall not be allowed for taxable years
55 beginning on or after January first, two thousand eight. The term
56 "affiliated group" means "affiliated group" as defined in section

15 fifteen hundred four of the internal revenue code, but without regard to the exceptions provided for in subsection (b) of that section.

16 (iii) In the case of an overcapitalized captive insurance company required under this subdivision to be included in a combined report, entire net income must be computed as required by subdivision nine of section two hundred eight of this article.

17 (2) Tax bases. In computing combined entire net income, combined minimum taxable income or combined pre-nineteen hundred ninety minimum taxable income intercorporate dividends shall be eliminated, in computing combined business and investment capital intercorporate stockholdings and intercorporate bills, notes and accounts receivable and payable and other intercorporate indebtedness shall be eliminated and in computing combined subsidiary capital intercorporate stockholdings shall be eliminated, provided, however, that intercorporate dividends from a DISC or a former DISC not exempt from tax under paragraph (i) of subdivision nine of section two hundred eight of this article which are taxable as business income under this article shall not be eliminated.

18 (3) Air freight forwarders: allocation. Notwithstanding any provision of law to the contrary, where a combined report includes a qualified air freight forwarder and a corporation described in subparagraph seven of paragraph (a) of subdivision three of section two hundred ten of this chapter (relating to aviation corporations), in computing the combined business allocation percentage such subparagraph seven shall be applied with respect to such qualified air freight forwarder] FOR PROVISIONS RELATING TO COMBINED REPORTS, SEE SECTION TWO HUNDRED TEN-C OF THIS ARTICLE.

19 5. In case it shall appear to the [tax commission] COMMISSIONER that any agreement, understanding or arrangement exists between the taxpayer and any other corporation or any person or firm, whereby the activity, business, income or capital of the taxpayer within the state is improperly or inaccurately reflected, the [tax commission] COMMISSIONER is authorized and empowered, in [its] THE COMMISSIONER'S discretion and in such manner as [it] THE COMMISSIONER may determine, to adjust items of income, deductions and capital, and to eliminate assets in computing any [allocation] APPORTIONMENT percentage provided only that any income directly traceable thereto be also excluded from entire net income, [minimum taxable income or pre-nineteen hundred ninety minimum taxable income,] so as equitably to determine the tax. Where (a) any taxpayer conducts its activity or business under any agreement, arrangement or understanding in such manner as either directly or indirectly to benefit its members or stockholders, or any of them, or any person or persons directly or indirectly interested in such activity or business, by entering into any transaction at more or less than a fair price which, but for such agreement, arrangement or understanding, might have been paid or received therefor, or (b) any taxpayer, a substantial portion of whose capital stock is owned either directly or indirectly by another corporation, enters into any transaction with such other corporation on such terms as to create an improper loss or net income, the [tax commission] COMMISSIONER may include in the entire net income[, minimum taxable income or pre-nineteen hundred ninety minimum taxable income] of the taxpayer the fair profits which, but for such agreement, arrangement or understanding, the taxpayer might have derived from such transaction. WHERE ANY TAXPAYER OWNS, DIRECTLY OR INDIRECTLY, MORE THAN FIFTY PERCENT OF THE CAPITAL STOCK OF ANOTHER CORPORATION SUBJECT TO TAX UNDER SECTION FIFTEEN HUNDRED TWO-A OF THIS CHAPTER AND FIFTY PERCENT OR LESS OF WHOSE GROSS RECEIPTS FOR THE TAXABLE YEAR CONSIST OF PREMIUMS, THE COMMISSION-

ER MAY INCLUDE IN THE ENTIRE NET INCOME OF THE TAXPAYER, AS A DEEMED DISTRIBUTION, THE AMOUNT OF THE NET INCOME OF THE OTHER CORPORATION THAT IS IN EXCESS OF ITS NET PREMIUM INCOME.

S 19-a. Subdivision 13 of section 211 of the tax law is REPEALED.

S 20. Intentionally omitted.

S 21. Intentionally omitted.

S 22. Intentionally omitted.

S 23. Paragraph 4 of subdivision (f) of section 1515 of the tax law, as amended by section 16 of part FF-1 of chapter 57 of the laws of 2008, is amended to read as follows:

(4)(i) For purposes of this paragraph, the term "closest controlling stockholder" means the corporation that indirectly owns or controls over fifty percent of the voting stock of a captive REIT or captive RIC, is subject to tax under section fifteen hundred one of this article[,] OR article nine-A [or article thirty-two] of this chapter or required to be included in a combined return or report under this article[,] OR article nine-A [or article thirty-two] of this chapter, and is the fewest tiers of corporations away in the ownership structure from the captive REIT or captive RIC. The commissioner is authorized to prescribe by regulation or published guidance the criteria for determining the closest controlling stockholder.

(ii) A captive REIT or a captive RIC must be included in a combined return with the corporation that directly owns or controls over fifty percent of the voting stock of the captive REIT or captive RIC if that corporation is a life insurance corporation and is subject to tax or required to be included in a combined return under this article.

(iii) If over fifty percent of the voting stock of a captive REIT or captive RIC is not directly owned or controlled by a life insurance corporation that is subject to tax or required to be included in a combined return under this article, [then the captive REIT or captive RIC must be included in a combined report or return with the corporation that is the closest controlling stockholder of the captive REIT or captive RIC. If] AND the closest controlling stockholder of the captive REIT or captive RIC is a life insurance corporation that is subject to tax or required to be included in a combined return under this article, then the captive REIT or captive RIC must be included in a combined return WITH THE CLOSEST CONTROLLING STOCKHOLDER under this article.

(iv) If a captive REIT owns the stock of a qualified REIT subsidiary (as defined in paragraph two of subsection (i) of section eight hundred fifty-six of the internal revenue code) AND THE CAPTIVE REIT IS REQUIRED TO BE INCLUDED IN A COMBINED RETURN UNDER SUBPARAGRAPHS (II) OR (III) OF THIS PARAGRAPH, then the qualified REIT subsidiary must be included in any combined return required to be made by the captive REIT that owns the stock of the qualified REIT subsidiary.

(v) If a captive REIT or a captive RIC is required under this paragraph to be included in a combined return with another corporation, and that other corporation is required to be included in a combined return with another [related] corporation under this subdivision, then the captive REIT or the captive RIC must be included in that combined return with the other [related] corporation.

S 24. Subdivisions (a), (b) and (c) of section 12 of the tax law, as added by chapter 615 of the laws of 1998, are amended to read as follows:

(a) For purposes of subdivision (b) of this section, the term "person" shall mean a corporation, joint stock company or association, insurance corporation, or banking corporation, as such terms are defined in

1 section one hundred eighty-three, one hundred eighty-four, or one
2 hundred eighty-six, or in article nine-A[, thirty-two] or thirty-three
3 of this chapter, imposing tax on such entities.

4 (b) No person shall be subject to the taxes imposed under section one
5 hundred eighty-three, one hundred eighty-four or one hundred eighty-six,
6 or article nine-A[, thirty-two] or thirty-three of this chapter, solely
7 by reason of (1) having its advertising stored on a server or other
8 computer equipment located in this state (other than a server or other
9 computer equipment owned or leased by such person), or (2) having its
10 advertising disseminated or displayed on the Internet by an individual
11 or entity subject to tax under section one hundred eighty-three, one
12 hundred eighty-four or one hundred eighty-six, or article nine-A, twenty-
13 ty-two[, thirty-two] or thirty-three of this chapter.

14 (c) A person, as such term is defined in subdivision (a) of section
15 eleven hundred one of this chapter, shall not be deemed to be a vendor,
16 for purposes of article twenty-eight of this chapter, solely by reason
17 of (1) having its advertising stored on a server or other computer
18 equipment located in this state (other than a server or other computer
19 equipment owned or leased by such person), or (2) having its advertising
20 disseminated or displayed on the Internet by an individual or entity
21 subject to tax under section one hundred eighty-three, one hundred
22 eighty-four or one hundred eighty-six, or article nine-A, twenty-two[,
23 thirty-two] or thirty-three of this chapter.

24 S 25. Paragraph 1 of subdivision (a) of section 14 of the tax law, as
25 amended by section 3 of part VI of chapter 109 of the laws of 2006, is
26 amended to read as follows:

27 (1) except as provided in paragraphs one-a and one-b of this subdivi-
28 sion, for purposes of section one hundred eighty-seven-j and articles
29 nine-A, twenty-two[, thirty-two] and thirty-three of this chapter, for
30 each of the taxable years within the "business tax benefit period,"
31 which period shall consist of (A) in the case of a business enterprise
32 with a test date occurring on or before December thirty-first, two thou-
33 sand one, the first fifteen taxable years beginning on or after January
34 first, two thousand one, (B) in the case of a business enterprise with a
35 test date occurring on or after January first, two thousand two, but
36 prior to April first, two thousand five, the fifteen taxable years next
37 following the business enterprise's test year, and (C) in the case of a
38 business enterprise which is first certified under article eighteen-B of
39 the general municipal law on or after April first, two thousand five,
40 the ten taxable years starting with the taxable year in which the busi-
41 ness enterprise's first date of certification under article eighteen-B
42 of the general municipal law occurs, but only with respect to each of
43 such business tax benefit period years for which the employment test is
44 met,

45 S 26. Subdivision (f) of section 14 of the tax law, as amended by
46 section 10 of part CC of chapter 85 of the laws of 2002, is amended to
47 read as follows:

48 (f) Taxable year. The term "taxable year" means the taxable year of
49 the business enterprise under section one hundred eighty-three, one
50 hundred eighty-four, one hundred eighty-five or former section one
51 hundred eighty-six of article nine, or under article nine-A, twenty-
52 two[, thirty-two] or thirty-three of this chapter. If a business enter-
53 prise does not have a taxable year because it is exempt from taxation or
54 otherwise not required to file a return under any of such sections of
55 article nine or under article nine-A, twenty-two[, thirty-two] or thir-
56 ty-three, then the term "taxable year" means (i) the business enter-

prise's federal taxable year, or, (ii) if the enterprise does not have a federal taxable year, the calendar year.

S 27. Paragraph 1 of subdivision (i) of section 14 of the tax law, as amended by section 5 of part A of chapter 63 of the laws of 2005, is amended to read as follows:

(1) for purposes of section one hundred eighty-seven-j of article nine, and articles nine-A, twenty-two[, thirty-two] and thirty-three of this chapter, on the first day of the taxable year during which revocation of its certification under article eighteen-B of the general municipal law occurs, and

S 28. Paragraphs 1 and 2 of subdivision (j) of section 14 of the tax law, as amended by section 10 of part CC of chapter 85 of the laws of 2002, are amended to read as follows:

(1) A new business shall include any corporation, except a corporation which is substantially similar in operation and in ownership to a business entity (or entities) taxable, or previously taxable, under section one hundred eighty-three, one hundred eighty-four, one hundred eighty-five or one hundred eighty-six of article nine; article nine-A[, article thirty-two] or thirty-three of this chapter; article twenty-three of this chapter or which would have been subject to tax under such article twenty-three (as such article was in effect on January first, nineteen hundred eighty), ARTICLE THIRTY-TWO OF THIS CHAPTER OR WHICH WOULD HAVE BEEN SUBJECT TO TAX UNDER SUCH ARTICLE THIRTY-TWO (AS SUCH ARTICLE WAS IN EFFECT ON DECEMBER THIRTY-FIRST, TWO THOUSAND FOURTEEN) or the income (or losses) of which is (or was) includable under article twenty-two of this chapter.

(2) For purposes of article twenty-two of this chapter, an individual who is either a sole proprietor or a member of a partnership shall qualify as an owner of a new business unless the business of which the individual is an owner is substantially similar in operation and in ownership to a business entity taxable, or previously taxable, under section one hundred eighty-three, one hundred eighty-four, one hundred eighty-five or one hundred eighty-six of article nine; article nine-A[, thirty-two] or ARTICLE thirty-three of this chapter; article twenty-three of this chapter or which would have been subject to tax under such article twenty-three (as such article was in effect on January first, nineteen hundred eighty); ARTICLE THIRTY-TWO OF THIS CHAPTER OR WHICH WOULD HAVE BEEN SUBJECT TO TAX UNDER SUCH ARTICLE THIRTY-TWO AS SUCH ARTICLE WAS IN EFFECT ON DECEMBER THIRTY-FIRST, TWO THOUSAND FOURTEEN or the income (or losses) of which is (or was) includable under article twenty-two.

S 29. Clauses (i) and (ii) of subparagraph (A) of paragraph 4 of subdivision (j) of section 14 of the tax law, as added by section 5 of part A of chapter 63 of the laws of 2005, are amended to read as follows:

(i) Notwithstanding paragraphs one and two of this subdivision, a new business shall include any corporation which is identical in operation and ownership to a business entity (or entities) taxable under section one hundred eighty-three, one hundred eighty-four or one hundred eighty-five of article nine; article nine-A[, article thirty-two] or thirty-three of this chapter or the income (or losses) of which is includable under article twenty-two of this chapter, provided such corporation and such business entity or entities are operating in different counties in the state.

(ii) Notwithstanding paragraphs one and two of this subdivision, an individual who is either a sole proprietor or a member of a partnership shall qualify as an owner of a new business if the business of which the

1 individual is an owner is identical in operation and in ownership to a
2 business entity (or entities) taxable under section one hundred eighty-
3 three, one hundred eighty-four or one hundred eighty-five of article
4 nine; article nine-A[, article thirty-two] or thirty-three of this chap-
5 ter or the income (or losses) of which is includable under article twen-
6 ty-two of this chapter, provided such business and such business entity
7 or entities are operating in different counties in the state.

8 S 30. Subparagraph (B) of paragraph 4 of subdivision (j) of section 14
9 of the tax law, as amended by chapter 161 of the laws of 2005, is
10 amended to read as follows:

11 (B) Notwithstanding any provisions of this subdivision to the contrary
12 and notwithstanding subdivision c of section eighteen of part CC of
13 chapter eighty-five of the laws of two thousand two, a corporation or
14 partnership, which was first certified under article eighteen-B of the
15 general municipal law before August first, two thousand two, has a base
16 period of zero years or zero employment for its base period, and is
17 similar in operation and in ownership to a business entity or entities
18 taxable, or previously taxable, under sections specified in paragraph
19 one or two of this subdivision or which would have been subject to tax
20 under article twenty-three of this chapter (as such article was in
21 effect on January first, nineteen hundred eighty) OR WHICH WOULD HAVE
22 BEEN SUBJECT TO TAX UNDER ARTICLE THIRTY-TWO OF THIS CHAPTER (AS SUCH
23 ARTICLE WAS IN EFFECT ON DECEMBER THIRTY-FIRST, TWO THOUSAND FOURTEEN)
24 or the income or losses of which is or was includable under article
25 twenty-two of this chapter shall not be deemed a new business if it was
26 not formed for a valid business purpose, as such term is defined in
27 clause (D) of subparagraph one of paragraph (o) of subdivision nine of
28 section two hundred eight of this chapter and was formed solely to gain
29 empire zone benefits.

30 S 31. Subdivision (k) of section 14 of the tax law, as amended by
31 section 5 of part A of chapter 63 of the laws of 2005, is amended to
32 read as follows:

33 (k) If the designation of an area as an empire zone is no longer in
34 effect because section nine hundred sixty-nine of the general municipal
35 law was not amended to extend the effective date of such designation so
36 that the designations of all empire zones pursuant to article eighteen-B
37 of the general municipal law have expired, a business enterprise that
38 was certified pursuant to article eighteen-B of the general municipal
39 law on the day immediately preceding the day on which such designation
40 expired shall be deemed to continue to be certified under such article
41 eighteen-B for purposes of this section, and sections fifteen, sixteen,
42 section one hundred eighty-seven-j, subdivisions [twenty-seven] FIVE and
43 [twenty-eight] SIX of section two hundred [ten] TEN-B, subsections (bb)
44 and (cc) of section six hundred six, subdivision (z) of section eleven
45 hundred fifteen[, subsections (o) and (p) of section fourteen hundred
46 fifty-six,] and subdivisions (r) and (s) of section fifteen hundred
47 eleven of this chapter. In addition, if the designation of an area as an
48 empire zone is no longer in effect because section nine hundred sixty-
49 nine of the general municipal law was not amended to extend the effec-
50 tive date of such designation so that the designations of all empire
51 zones pursuant to article eighteen-B of the general municipal law have
52 expired, all references to empire zones in the provisions of this chap-
53 ter listed in the previous sentence shall be read as meaning areas
54 designated as empire zones on the day immediately preceding the day on
55 which such designation expired.

1 S 32. Subdivisions (a) and (h) of section 15 of the tax law, as
2 amended by section 5 of part A of chapter 63 of the laws of 2005, are
3 amended to read as follows:

4 (a) Allowance of credit. A taxpayer which is a qualified empire zone
5 enterprise (QEZE), or which is a sole proprietor of a QEZE or a member
6 of a partnership which is a QEZE, and which is subject to tax under
7 article nine-A, twenty-two[, thirty-two] or thirty-three of this chap-
8 ter, shall be allowed a credit against such tax, pursuant to the
9 provisions referenced in subdivision (h) of this section, for eligible
10 real property taxes.

11 (h) Definitions and cross-references. For definitions of terms used in
12 this section see section fourteen of this article. For application of
13 the credit provided for in this section, see the following provisions of
14 this chapter:

15 (1) Article 9: Section 187-j.

16 (2) Article 9-A: Section [210] 210-B: subdivision [27] 5.

17 (3) Article 22: Section 606: subsections (i) and (bb).

18 (4) [Article 32: Section 1456: subsection (o).

19 (5)] Article 33: Section 1511: subdivision (r).

20 S 33. Subdivision (a) of section 16 of the tax law, as added by
21 section 2 of part GG of chapter 63 of the laws of 2000, is amended to
22 read as follows:

23 (a) Allowance of credit. A taxpayer which is a qualified empire zone
24 enterprise (QEZE), or which is a sole proprietor of a QEZE or a member
25 of a partnership which is a QEZE, and which is subject to tax under
26 article nine-A, twenty-two[, thirty-two] or thirty-three of this chap-
27 ter, shall be allowed a credit against such tax, pursuant to the
28 provisions referenced in subdivision (g) of this section, to be computed
29 as hereinafter provided.

30 S 34. Paragraph 1, clause (ii) of subparagraph (B) of paragraph 2, and
31 subparagraph (A) of paragraph 3 of subdivision (f) of section 16 of the
32 tax law, as amended by section 14 of part CC of chapter 85 of the laws
33 of 2002, are amended to read as follows:

34 (1) General. The tax factor shall be, in the case of article nine-A of
35 this chapter, the [larger of the amounts] AMOUNT of tax determined for
36 the taxable year under [paragraphs] PARAGRAPH (a) [and (c)] of subdivi-
37 sion one of section two hundred ten of such article. The tax factor
38 shall be, in the case of article twenty-two of this chapter, the tax
39 determined for the taxable year under subsections (a) through (d) of
40 section six hundred one of such article. [The tax factor shall be, in
41 the case of article thirty-two of this chapter, the larger of the
42 amounts of tax determined for the taxable year under subsection (a) and
43 paragraph two of subsection (b) of section fourteen hundred fifty-five
44 of such article.] The tax factor shall be, in the case of article thir-
45 ty-three of this chapter, the larger of the amounts of tax determined
46 for the taxable year under paragraphs one and three of subdivision (a)
47 of section fifteen hundred two of such article.

48 (ii) For purposes of article nine-A[, thirty-two or thirty-three] of
49 this chapter, the term "partner's income from the partnership" means
50 partnership items of income, gain, loss and deduction, and New York
51 modifications thereto, entering into [entire net] BUSINESS income[,
52 minimum taxable income, alternative entire net income or entire net
53 income plus compensation] and the term "partner's entire income" means
54 [entire net] BUSINESS income[, minimum taxable income, alternative
55 entire net income or entire net income plus compensation,] allocated
56 within the state. FOR PURPOSES OF ARTICLE THIRTY-THREE OF THIS CHAPTER,

1 THE TERM "PARTNER'S INCOME FROM THE PARTNERSHIP" MEANS PARTNERSHIP ITEMS
2 OF INCOME, GAIN, LOSS AND DEDUCTION, AND NEW YORK MODIFICATIONS THERETO,
3 ENTERING INTO ENTIRE NET INCOME OR ENTIRE NET INCOME PLUS COMPENSATION
4 AND THE TERM "PARTNER'S ENTIRE INCOME" MEANS ENTIRE NET INCOME, OR
5 ENTIRE NET INCOME PLUS COMPENSATION, ALLOCATED WITHIN THE STATE. For
6 purposes of article twenty-two of this chapter, the term "partner's
7 income from the partnership" means partnership items of income, gain,
8 loss and deduction, and New York modifications thereto, entering into
9 New York adjusted gross income, and the term "partner's entire income"
10 means New York adjusted gross income.

11 (A) Where the taxpayer is a qualified empire zone enterprise and is
12 required or permitted to make a return or report on a combined basis
13 under article nine-A[, thirty-two] or ARTICLE thirty-three of this chap-
14 ter, the taxpayer's tax factor shall be the amount determined in para-
15 graph one of this subdivision which is attributable to the income of the
16 qualified empire zone enterprise. Such attribution shall be made in
17 accordance with the ratio of the qualified empire zone enterprise's
18 income allocated within the state to the combined group's income, or in
19 accordance with such other methods as the commissioner may prescribe as
20 providing an apportionment which reasonably reflects the portion of the
21 combined group's tax attributable to the income of the qualified empire
22 zone enterprise. In no event may the ratio so determined exceed 1.0.

23 S 35. Subdivision (g) of section 16 of the tax law, as added by
24 section 2 of part GG of chapter 63 of the laws of 2000, is amended to
25 read as follows:

26 (g) Definitions and cross-references. For definitions of terms used in
27 this section see sections fourteen and fifteen of this article. For
28 application of the credit provided for in this section, see the follow-
29 ing provisions of this chapter:

30 (1) Article 9-A: Section [210] 210-B: subdivision [28]6.

31 (2) Article 22: Section 606: subsections (i) and (cc).

32 (3) [Article 32: Section 1456: subsection (p).

33 (4)] Article 33: Section 1511: subdivision (s).

34 S 36. Paragraph 1 of subdivision (b) of section 17 of the tax law, as
35 added by section 43 of part S1 of chapter 57 of the laws of 2009, is
36 amended to read as follows:

37 (1) The empire zones tax benefits report must contain the following
38 information about the empire zone tax credits claimed under articles
39 nine, nine-A, twenty-two[, thirty-two] and thirty-three of this chapter
40 during the previous calendar year:

41 (A) the name of each taxpayer claiming a credit; and

42 (B) the amount of each credit earned by each taxpayer.

43 S 37. Subdivisions (a) and (d) of section 18 of the tax law, as added
44 by section 2 of part CC of chapter 63 of the laws of 2000, are amended
45 to read as follows:

46 (a) Allowance of credit. A taxpayer subject to tax under article
47 nine-A, twenty-two[, thirty-two] or thirty-three of this chapter shall
48 be allowed a credit against such tax, pursuant to the provisions refer-
49 enced in subdivision (d) of this section, with respect to the ownership
50 of eligible low-income buildings for which an eligibility statement has
51 been issued by the commissioner of housing and community renewal. The
52 amount of the credit shall be the credit amount for each such building
53 allocated by such commissioner as provided in article two-A of the
54 public housing law. The credit amount shall be allowed for each of the
55 ten taxable years in the credit period, and any reduction in first-year

1 credit as provided in subdivision two of section twenty-two of such law
2 shall be allowed in the eleventh taxable year.

3 (d) Cross-references. For application of the credit provided for in
4 this section, see the following provisions of this chapter:

5 (1) Article 9-A: Section [210] 210-B: subdivision [30] 15,

6 (2) Article 22: Section 606: subsections (i) and (x),

7 (3) [Article 32: Section 1456: subsection (l),

8 (4)] Article 33: Section 1511: subdivision (n).

9 S 38. Subparagraph (A) of paragraph 1 of subdivision (a) and subdivi-
10 sion (f) of section 19 of the tax law, as added by section 2 of part II
11 of chapter 63 of the laws of 2000, are amended to read as follows:

12 (A) Green building credit. A taxpayer subject to tax under article
13 nine, nine-A, twenty-two[, thirty-two] or thirty-three of this chapter
14 shall be allowed a green building credit against such tax, pursuant to
15 the provisions referenced in subdivision (f) of this section. Provided,
16 however, no credit shall be allowed under this section unless the
17 taxpayer has complied with the applicable requirements of paragraph two
18 of subdivision (d) of this section (relating to reports to DEC). The
19 amount of the credit shall be the sum of the credit components specified
20 in paragraphs two through seven of this subdivision. Provided, however,
21 the amount of each such credit component shall not exceed the limit set
22 forth in the initial credit component certificate obtained pursuant to
23 subdivision (c) of this section. In the determination of such credit
24 components, no cost paid or incurred by the taxpayer shall be the basis
25 for more than one such component.

26 (f) Cross-references. For application of the credit provided for in
27 this section, see the following provisions of this chapter:

28 (1) Article nine: Section one hundred eighty-seven-d;

29 (2) Article nine-A: Subdivision [thirty-one] SIXTEEN of section two
30 hundred [ten] TEN-B;

31 (3) Article twenty-two: Subsections (i) and (y) of section six hundred
32 six;

33 (4) [Article thirty-two: Subsection (m) of section fourteen hundred
34 fifty-six;

35 (5)] Article thirty-three: Subdivision (o) of section fifteen hundred
36 eleven.

37 S 39. Paragraphs 1 and 5 of subdivision (a) of section 21 of the tax
38 law, as amended by section 1 of part H of chapter 577 of the laws of
39 2004, are amended to read as follows:

40 (1) General. A taxpayer subject to tax under article nine, nine-A,
41 twenty-two[, thirty-two] or thirty-three of this chapter shall be
42 allowed a credit against such tax, pursuant to the provisions referenced
43 in subdivision (f) of this section. Such credit shall be allowed with
44 respect to a qualified site, as such term is defined in paragraph one of
45 subdivision (b) of this section. The amount of the credit in a taxable
46 year shall be the sum of the credit components specified in paragraphs
47 two, three and four of this subdivision applicable in such year.

48 (5) Applicable percentage. For purposes of paragraphs two, three and
49 four of this subdivision, the applicable percentage shall be twelve
50 percent in the case of credits claimed under article nine, nine-A[,
51 thirty-two] or thirty-three of this chapter, and ten percent in the case
52 of credits claimed under article twenty-two of this chapter, except that
53 where at least fifty percent of the area of the qualified site relating
54 to the credit provided for in this section is located in an environ-
55 mental zone as defined in paragraph six of subdivision (b) of this
56 section, the applicable percentage shall be increased by an additional

eight percent. Provided, however, as afforded in section 27-1419 of the environmental conservation law, if the certificate of completion indicates that the qualified site has been remediated to Track 1 as that term is described in subdivision four of section 27-1415 of the environmental conservation law, the applicable percentage set forth in the first sentence of this paragraph shall be increased by an additional two percent.

S 39-a. Subdivisions (c) and (f) of section 21 of the tax law, as added by section 1 of part H of chapter 1 of the laws of 2003, are amended to read as follows:

(c) Qualifying property. Property which qualifies for the credit provided for under this section and also for a credit provided for (1) under either subdivision [twelve] ONE or subdivision [twelve-B] THREE of section two hundred [ten] TEN-B of this chapter, or both, OR (2) subsection (a) or subsection (j) of section six hundred six of this chapter, or both[, (3) the credit provided for under subsection (i) of section fourteen hundred fifty-six of this chapter, or (4) the credit provided under subdivision (q) of section fifteen hundred eleven of this chapter] may be the basis for either the credit provided for under this section or one of the credits enumerated in paragraph one[,] OR two[, three or four] of this subdivision, but not both.

(f) Cross-references. For application of the credit provided for in this section, see the following provisions of this chapter:

(1) Article 9: Section 187-g

(2) Article 9-A: Section [210] 210-B, subdivision [33] 17

(3) Article 22: Section 606, subsections (i) and (dd)

(4) [Article 32: Section 1456, subsection (q)

(5)] Article 33: Section 1511, subdivision (u).

S 40. Paragraph 3 of subdivision (a) and paragraphs 1 and 9 of subdivision (b) of section 22 of the tax law, as amended by section 4 of part H of chapter 577 of the laws of 2004, are amended to read as follows:

(3) Developer. (i) A "developer" is a taxpayer under article nine, nine-A, twenty-two[, thirty-two] or thirty-three of this chapter who or which either (I) has been issued a certificate of completion with respect to a qualified site or (II) has purchased or in any other way has been conveyed all or any portion of a qualified site from a taxpayer or any other party who or which has been issued a certificate of completion with respect to such site provided, such purchase or conveyance occurs within seven years of the effective date of the certificate of completion issued with respect to such qualified site. Provided further, that the taxpayer who or which is purchasing all or any portion of a qualified site and the taxpayer or any other party who or which has been issued a certificate of completion with respect to such site may not be related persons, as such term is defined in subparagraph (C) of paragraph three of subsection (b) of section four hundred sixty-five of the internal revenue code.

(ii) Where the entity to whom a certificate of completion has been issued is a partnership, or where the entity which has purchased all or any portion of a qualified site from a taxpayer who or which has been issued a certificate of completion with respect to such site within the applicable time limit is a partnership, any partner in such partnership who or which is taxable under article nine, nine-A, twenty-two[, thirty-two] or thirty-three of this chapter shall be a developer under this paragraph. Where the entity to whom a certificate of completion has been issued is a New York S corporation, or where the entity which has purchased all or any portion of a qualified site from a taxpayer who or

1 which has been issued a certificate of completion with respect to such
2 site within the applicable time limit is a New York S corporation, any
3 shareholder in such New York S corporation shall be a developer under
4 this paragraph.

5 (1) Allowance of credit. A developer of a qualified site who or which
6 is subject to tax under article nine, nine-A, twenty-two[, thirty-two]
7 or thirty-three of this chapter, shall be allowed a credit against such
8 tax, pursuant to the provisions referenced in paragraph nine of this
9 subdivision, for eligible real property taxes imposed on such site.

10 (9) Cross-references. For application of the credit provided for in
11 this subdivision, see the following provisions of this chapter:

12 (i) Article 9: Section 187-h.

13 (ii) Article 9-A: Section [210] 210-B: subdivision [34] 18.

14 (iii) Article 22: Section 606: subsections (i) and (ee).

15 (iv) [Article 32: Section 1456: subsection (r).

16 (v)] Article 33: Section 1511: subdivision (v).

17 S 41. Subdivision (a) of section 23 of the tax law, as amended by
18 section 10 of part H chapter 577 of the laws of 2004, is amended to read
19 as follows:

20 (a) Allowance of credit. General. A taxpayer subject to tax under
21 article nine, nine-A, twenty-two[, thirty-two] or thirty-three of this
22 chapter shall be allowed a credit against such tax, pursuant to the
23 provisions referenced in subdivision (e) of this section. The amount of
24 such credit shall be equal to the lesser of thirty thousand dollars or
25 fifty percent of the premiums paid on or after the date of the brown-
26 field site cleanup agreement executed by the taxpayer and the department
27 of environmental conservation pursuant to section 27-1409 of the envi-
28 ronmental conservation law by the taxpayer for environmental remediation
29 insurance issued with respect to a qualified site.

30 S 42. Subdivision (e) of section 23 of the tax law, as added by
31 section 19 of part H of chapter 1 of the laws of 2003, is amended to
32 read as follows:

33 (e) Cross-references. For application of the credit provided for in
34 this section, see the following provisions of this chapter:

35 (1) Article 9: Section 187-i

36 (2) Article 9-A: Section [210] 210-B, subdivision [35] 19

37 (3) Article 22: Section 606, subsections (i) and (ff)

38 (4) [Article 32: Section 1456, subsection (s)

39 (5)] Article 33: Section 1511, subdivision (w).

40 S 43. Paragraphs 1 and 2 of subdivision (a) and clause (i) of subpara-
41 graph (D) of paragraph 1 of subdivision (b) of section 25 of the tax
42 law, as added by section 1 of part N of chapter 61 of the laws of 2005,
43 are amended to read as follows:

44 (1) Every taxpayer, or person as defined in section seven thousand
45 seven hundred one of the internal revenue code, required to file a
46 disclosure statement with the internal revenue service pursuant to
47 section six thousand eleven of the internal revenue code, or the regu-
48 lations promulgated thereunder, related to a reportable transaction or a
49 listed transaction, as those terms are defined in such section or regu-
50 lations, must attach a duplicate of such disclosure statement to the
51 return or report required to be filed by such taxpayer or person for the
52 taxable year under article nine, nine-A, twenty-two[, thirty-two] or
53 thirty-three of this chapter, and provide such other information related
54 to such disclosure as prescribed by the commissioner. Such disclosure
55 shall be made notwithstanding that one member of an affiliated group, as
56 defined by section fifteen hundred four of the internal revenue code,

1 may file such disclosure statement with the internal revenue service on
2 behalf of its affiliates including such taxpayer or person.

3 (2) Every taxpayer or such person who participates in a New York
4 reportable transaction for a taxable year must disclose such partic-
5 ipation with its return or report required to be filed under article
6 nine, nine-A, twenty-two[, thirty-two] or thirty-three of this chapter
7 for the taxable year in a form prescribed by the commissioner, and
8 provide such other information related to such transaction as prescribed
9 by the commissioner. A New York reportable transaction is a transaction
10 that has the potential to be a tax avoidance transaction as determined
11 by the commissioner.

12 (i) the list required to be maintained by such person pursuant to
13 section six thousand one hundred twelve of the internal revenue code
14 identifies or is required to identify a taxpayer subject to tax under
15 article nine, nine-A, twenty-two[, thirty-two] or thirty-three of this
16 chapter, and

17 S 44. Subdivisions (a) and (f) of section 26 of the tax law, as added
18 by chapter 537 of the laws of 2005, are amended to read as follows:

19 (a) Allowance of credit. A taxpayer, which is subject to tax under
20 article nine, nine-A, twenty-two[, thirty-two] or thirty-three of this
21 chapter and which is a qualified building owner, shall be allowed a
22 credit against such tax. The amount of the credit allowed under this
23 section shall equal the sum of the number of qualified security officers
24 providing protection to a building or buildings owned by the taxpayer
25 multiplied by three thousand dollars. Provided, however, that in the
26 case of a worker not so employed for a full year, such amount shall be
27 prorated to reflect the length of such employment under regulations of
28 the commissioner.

29 (f) Cross-references. For application of the credit provided for in
30 this section, see the following provisions of this chapter:

- 31 (1) article 9: section 187-n.
32 (2) article 9-A: section [210] 210-B: subdivision [37] 21.
33 (3) article 22: section 606: subsection (ii).
34 (4) [article 32: section 1456: subsection (t).
35 (5)] article 33: section 1511: subdivision (x).

36 S 45. Paragraph 3 of subdivision (a) and subdivision (c) of section 28
37 of the tax law, as added by section 2 of part V of chapter 62 of the
38 laws of 2006, are amended to read as follows:

39 (3) No qualified production costs used by a taxpayer either as the
40 basis for the allowance of the credit provided for under this section or
41 used in the calculation of the credit provided for under this section
42 shall be used by such taxpayer to claim any other credit allowed pursu-
43 ant to this chapter.

44 Notwithstanding any provisions of this section to the contrary, a
45 corporation or partnership, which otherwise qualifies as a qualified
46 commercial production company, and is similar in operation and in owner-
47 ship to a business entity or entities taxable, or previously taxable,
48 under section one hundred eighty-three, one hundred eighty-four or one
49 hundred eighty-five of article nine; article nine-A[, article thirty-
50 two] or thirty-three of this chapter or which would have been subject to
51 tax under article twenty-three of this chapter (as such article was in
52 effect on January first, nineteen hundred eighty) OR WHICH WOULD HAVE
53 BEEN SUBJECT TO TAX UNDER ARTICLE THIRTY-TWO OF THIS CHAPTER (AS SUCH
54 ARTICLE WAS IN EFFECT ON DECEMBER THIRTY-FIRST, TWO THOUSAND FOURTEEN)
55 or the income or losses of which is or was includable under article
56 twenty-two of this chapter shall not be deemed a new or separate busi-

ness, and therefore shall not be eligible for empire state commercial production benefits, if it was not formed for a valid business purpose, as such term is defined in clause (D) of subparagraph one of paragraph (o) of subdivision nine of section two hundred eight of this chapter and was formed solely to gain empire state commercial production credit benefits.

(c) Cross-references. For application of the credit provided for in this section, see the following provision of this chapter:

(1) article 9-A: section [210] 210-B: subdivision [38] 23.

(2) article 22: section 606: subsection (jj).

S 46. Subdivision (d) of section 28 of the tax law, as added by section 1 of part X of chapter 62 of the laws of 2006, is amended to read as follows:

(d) Cross-references. For application of the credit provided for in this section, see the following provisions of this chapter:

(1) Article 9: Section 187-c.

(2) Article 9-A: Section [210] 210-B, subdivision [38] 24.

(3) Article 22: Section 606, subsections (i) and (jj).

S 47. The opening paragraph of subdivision (a) and subdivisions (c) and (g) of section 31 of the tax law, the opening paragraph of subdivision (a) and subdivision (g) as amended by section 7 of part G of chapter 61 of the laws of 2011, subdivision (c) as added by section 2 of part MM of chapter 59 of the laws of 2010, are amended to read as follows:

General. A taxpayer subject to tax under section one hundred eighty-five, article nine-A, twenty-two[, thirty-two] or thirty-three of this chapter shall be allowed a credit against such tax, pursuant to the provisions referenced in subdivision (g) of this section. The amount of the credit, allowable for up to ten consecutive taxable years, is the sum of the following four credit components:

(c) Election of credit. A taxpayer who or which is qualified to claim the excelsior investment tax credit component and is also qualified to claim the investment tax credit provided for under subdivision [twelve] ONE of section two hundred [ten,] TEN-B OR subsection (a) of section six hundred six[, or subsection (i) of section fourteen hundred fifty-six] of this chapter, may claim either the excelsior investment tax credit component or the investment tax credit, but not both with regard to a particular piece of property. In addition, a taxpayer who or which is qualified to claim the excelsior investment tax credit component and is also qualified to claim the brownfield tangible property credit component under section twenty-one of this article, as added by chapter one of the laws of two thousand three, may claim either the excelsior investment tax credit component or such tangible property credit component, but not both with regard to a particular piece of property. The election to claim the excelsior investment tax credit component, the investment tax credit or the brownfield tangible property credit component, with regard to the same property, is irrevocable.

(g) Cross-references. For application of the credit provided for in this section, see the following provisions of this chapter:

(1) article 9: section 187-q.

(2) article 9-A: section [210] 210-B: subdivision [41] 31.

(3) article 22: section 606: subsection (qq).

(4) [article 32: section 1456: subsection (u).

(5)] article 33: section 1511: subdivision (y).

1 S 48. Subdivision (d) of section 31 of the tax law, as added by
2 section 12 of part Q of chapter 57 of the laws of 2010, is amended to
3 read as follows:

4 (d) Cross-references. For application of the credit provided for in
5 this section, see the following provisions of this chapter:

6 (1) article 9-A: section [210] 210-B: subdivision [41] 32.

7 (2) article 22: section 606: subsection (qq).

8 S 49. Subdivision 3 of section 34 of the tax law, as added by section
9 2 of part Y of chapter 57 of the laws of 2010, is amended to read as
10 follows:

11 3. (a) For application of the temporary deferral nonrefundable payout
12 credit, see the following provisions of this chapter:

13 (1) Article 9: section 187-0

14 (2) Article 9-A: section [210(41)] 210-B(33)

15 (3) Article 22: section 606(qq)

16 (4) [Article 32: section 1456(v)

17 (5)] Article 33: section 1511(y)

18 (b) For application of the temporary deferral refundable payout cred-
19 it, see the following provisions of this chapter:

20 (1) Article 9: section 187-p

21 (2) Article 9-A: section [210(42)] 210-B(34)

22 (3) Article 22: section 606(rr)

23 (4) [Article 32: section 1456(w)

24 (5)] Article 33: section 1511(z)

25 S 50. The opening paragraph of subdivision (a), subparagraph (C) of
26 paragraph 2 of subdivision (e), and subdivision (f) of section 35 of the
27 tax law, as added by section 3 of part V of chapter 61 of the laws of
28 2011, are amended to read as follows:

29 A taxpayer which is a participant or the owner of a participant in the
30 economic transformation and facility redevelopment program under article
31 eighteen of the economic development law that is subject to tax under
32 section one hundred eighty-five of article nine, or article nine-A,
33 twenty-two[, thirty-two] or thirty-three of this chapter shall be
34 allowed the sum of following components against such tax, pursuant to
35 the provisions referenced in subdivision (f) of this section.

36 (C) the business entity must not be substantially similar in ownership
37 and operation to another taxpayer taxable or previously taxable under
38 section one hundred eighty-three, one hundred eighty-four or one hundred
39 eighty-five of article nine, former section one hundred eighty-six of
40 this chapter or article nine-A, twenty-two[, thirty-two] or thirty-three
41 of this chapter OR FORMER ARTICLE THIRTY-TWO OF THIS CHAPTER or the
42 income or losses of which is or was includable under article twenty-two
43 of this chapter;

44 (f) Cross-references. For application of the credits provided for in
45 this section, see the following provisions of this chapter:

46 (1) section 185: section 187-r.

47 (2) article 9-A: section [210(43)] 210-B(35).

48 (3) article 22: section 606 (ss).

49 (4) [article 32: section 1456(x).

50 (5)] article 33: section 1511 (aa).

51 S 51. Subdivisions (a) and (e) of section 36 of the tax law, as added
52 by section 2 of part E of chapter 56 of the laws of 2011, are amended to
53 read as follows:

54 (a) Allowance of credit. A taxpayer subject to tax under article
55 nine-A, twenty-two[, thirty-two] or thirty-three of this chapter shall
56 be allowed a credit against such tax, pursuant to the provisions refer-

enced in subdivision (e) of this section. The amount of the credit, allowable for ten consecutive tax years, is equal to the amount determined pursuant to section four hundred twenty-five of the economic development law.

(e) Cross-references. For application of the credit provided for in this section, see the following provisions of this chapter:

(1) article 9-A: section [210] 210-B, subdivision [44] 37;

(2) article 22: section 606, subsection (tt);

(3) [article 32: section 1456, subsection (y);

(4)] article 33, section 1511, subdivision (bb).

S 52. Subdivision (c) of section 37 of the tax law, as added by chapter 109 of the laws of 2012, is amended to read as follows:

(c) Cross-references. For application of the credit provided for in this section, see the following provisions of this chapter:

(1) Article 9-A: Section [210] 210-B, subdivision [45] 39.

(2) Article 22: Section 606, subsections (i) and (uu).

S 52-a. Subdivision (c) of section 39 of the tax law is REPEALED.

S 53. Paragraphs 2, 3 and 4 of subdivision (k) of section 39 of the tax law, paragraphs 2 and 3 as added by section 2 of part A of chapter 68 of the laws of 2013, paragraph 4 as amended by section 2 of part T of this act, are amended to read as follows:

[(2) Article 9: section 180, subdivision 3.

(3) Article 9: section 181, subdivision 3.]

(4) Article 9-A: section [210] 210-B, subdivision [47] 41 and subdivision [48] 43.

S 54. Subdivision 1 of section 171-a of the tax law, as amended by section 1 of part R of chapter 60 of the laws of 2004, is amended to read as follows:

1. All taxes, interest, penalties and fees collected or received by the commissioner or the commissioner's duly authorized agent under articles nine (except section one hundred eighty-two-a thereof and except as otherwise provided in section two hundred five thereof), nine-A, twelve-A (except as otherwise provided in section two hundred eighty-four-d thereof), thirteen, thirteen-A (except as otherwise provided in section three hundred twelve thereof), eighteen, nineteen, twenty (except as otherwise provided in section four hundred eighty-two thereof), twenty-one, twenty-two, twenty-six, twenty-six-B, twenty-eight (except as otherwise provided in section eleven hundred two or eleven hundred three thereof), twenty-eight-A, thirty-one (except as otherwise provided in section fourteen hundred twenty-one thereof), [thirty-two,] thirty-three and thirty-three-A of this chapter shall be deposited daily in one account with such responsible banks, banking houses or trust companies as may be designated by the comptroller, to the credit of the comptroller. Such an account may be established in one or more of such depositories. Such deposits shall be kept separate and apart from all other money in the possession of the comptroller. The comptroller shall require adequate security from all such depositories. Of the total revenue collected or received under such articles of this chapter, the comptroller shall retain in the comptroller's hands such amount as the commissioner may determine to be necessary for refunds or reimbursements under such articles of this chapter [and article ten thereof] out of which amount the comptroller shall pay any refunds or reimbursements to which taxpayers shall be entitled under the provisions of such articles of this chapter [and article ten thereof]. The commissioner and the comptroller shall maintain a system of accounts showing the amount of revenue collected or received from each of the taxes imposed by such

1 articles. The comptroller, after reserving the amount to pay such
2 refunds or reimbursements, shall, on or before the tenth day of each
3 month, pay into the state treasury to the credit of the general fund all
4 revenue deposited under this section during the preceding calendar month
5 and remaining to the comptroller's credit on the last day of such
6 preceding month, (i) except that the comptroller shall pay to the state
7 department of social services that amount of overpayments of tax imposed
8 by article twenty-two of this chapter and the interest on such amount
9 which is certified to the comptroller by the commissioner as the amount
10 to be credited against past-due support pursuant to subdivision six of
11 section one hundred seventy-one-c of this [chapter] ARTICLE, (ii) and
12 except that the comptroller shall pay to the New York state higher
13 education services corporation and the state university of New York or
14 the city university of New York respectively that amount of overpayments
15 of tax imposed by article twenty-two of this chapter and the interest on
16 such amount which is certified to the comptroller by the commissioner as
17 the amount to be credited against the amount of defaults in repayment of
18 guaranteed student loans and state university loans or city university
19 loans pursuant to subdivision five of section one hundred seventy-one-d
20 and subdivision six of section one hundred seventy-one-e of this [chap-
21 ter] ARTICLE, (iii) and except further that, notwithstanding any law,
22 the comptroller shall credit to the revenue arrearage account, pursuant
23 to section ninety-one-a of the state finance law, that amount of over-
24 payment of tax imposed by article nine, nine-A, twenty-two, thirty,
25 thirty-A, thirty-B[, thirty-two] or thirty-three of this chapter, and
26 any interest thereon, which is certified to the comptroller by the
27 commissioner as the amount to be credited against a past-due legally
28 enforceable debt owed to a state agency pursuant to paragraph (a) of
29 subdivision six of section one hundred seventy-one-f of this article,
30 provided, however, he shall credit to the special offset fiduciary
31 account, pursuant to section ninety-one-c of the state finance law, any
32 such amount creditable as a liability as set forth in paragraph (b) of
33 subdivision six of section one hundred seventy-one-f of this article,
34 (iv) and except further that the comptroller shall pay to the city of
35 New York that amount of overpayment of tax imposed by article nine,
36 nine-A, twenty-two, thirty, thirty-A, thirty-B[, thirty-two,] or thir-
37 ty-three of this chapter and any interest thereon that is certified to
38 the comptroller by the commissioner as the amount to be credited against
39 city of New York tax warrant judgment debt pursuant to section one
40 hundred seventy-one-l of this article, (v) and except further that the
41 comptroller shall pay to a non-obligated spouse that amount of overpay-
42 ment of tax imposed by article twenty-two of this chapter and the inter-
43 est on such amount which has been credited pursuant to section one
44 hundred seventy-one-c, one hundred seventy-one-d, one hundred seventy-
45 one-e, one hundred seventy-one-f or one hundred seventy-one-l of this
46 article and which is certified to the comptroller by the commissioner as
47 the amount due such non-obligated spouse pursuant to paragraph six of
48 subsection (b) of section six hundred fifty-one of this chapter; and
49 (vi) the comptroller shall deduct a like amount which the comptroller
50 shall pay into the treasury to the credit of the general fund from
51 amounts subsequently payable to the department of social services, the
52 state university of New York, the city university of New York, or the
53 higher education services corporation, or the revenue arrearage account
54 or special offset fiduciary account pursuant to section ninety-one-a or
55 ninety-one-c of the state finance law, as the case may be, whichever had
56 been credited the amount originally withheld from such overpayment, and

(vii) with respect to amounts originally withheld from such overpayment pursuant to section one hundred seventy-one-1 of this article and paid to the city of New York, the comptroller shall collect a like amount from the city of New York.

S 55. Subdivision 2 of section 171-a of the tax law, as amended by chapter 57 of the laws of 1993, is amended to read as follows:

2. Notwithstanding subdivision one of this section or any other provision of law to the contrary, the taxes imposed pursuant to sections one hundred eighty-three-a, one hundred eighty-four-a, [one hundred eighty-six-b,] one hundred eighty-six-c, [one hundred eighty-nine-a,] two hundred nine-B[, fourteen hundred fifty-five-b] and fifteen hundred five-a of this chapter, reduced by an amount for administrative costs, shall be deposited to the credit of the metropolitan mass transportation operating assistance account in the mass transportation operating assistance fund, created pursuant to section eighty-eight-a of the state finance law, as such taxes are received. The amount for administrative costs shall be determined by the commissioner to represent reasonable costs of the department of taxation and finance in administering, collecting, determining and distributing such taxes. Of the total revenue collected or received under such sections of this chapter, the comptroller shall retain in his hands such amount as the commissioner may determine to be necessary for refunds or reimbursements under such sections of this chapter out of which amount the comptroller shall pay any refunds or reimbursements to which taxpayers shall be entitled under provisions of such sections. The tax commissioner and the comptroller shall maintain a system of accounts showing the amount of revenue collected or received from each of the taxes imposed by such sections.

S 56. Paragraphs (b) and (c) of subdivision 1 of section 171-f of the tax law, as amended by chapter 81 of the laws of 1995, are amended to read as follows:

(b) "taxpayer" shall mean a corporation, association, company, partnership, estate, trust, liquidator, fiduciary or other entity or individual who or which is liable for any tax or other imposition imposed by or pursuant to article nine, nine-A, twenty-two, thirty, thirty-A, thirty-B[, thirty-two,] or thirty-three of this chapter or article two-E of the general city law, which tax or other imposition is administered by the commissioner of taxation and finance, or who or which is under a duty to perform an act under or pursuant to such tax or imposition, excluding a state agency, a municipal corporation or a district corporation; and (c) "overpayment" shall mean an overpayment which has been requested or determined to be refunded, a refund or a reimbursement, of a tax or other imposition imposed by or pursuant to article nine, nine-A, twenty-two, thirty, thirty-A, thirty-B[, thirty-two,] or thirty-three of this chapter or article two-E of the general city law, which is administered by the commissioner of taxation and finance.

S 57. Subdivision 2 of section 171-f of the tax law, as added by chapter 55 of the laws of 1992, is amended to read as follows:

(2) The commissioner of taxation and finance, upon agreement with the state comptroller and acting as an agent for the state comptroller, shall set forth the procedures for crediting any overpayment by a taxpayer of any tax or other imposition imposed by or authorized to be imposed pursuant to article nine, nine-A, twenty-two, thirty, thirty-A, thirty-B[, thirty-two,] or thirty-three of this chapter or article two-E of the general city law, which is administered by the commissioner of taxation and finance, and the interest on any such overpayments, against the amount of a past-due legally enforceable debt owed by such taxpayer

1 to a state agency. An implementation plan shall be developed by the
2 division of the budget and the department of taxation and finance which
3 shall provide, but not be limited to, guidance with respect to coordi-
4 nation of debt collection pursuant to this section and subdivision twen-
5 ty-seventh of section one hundred seventy-one of this article. This
6 section shall not be deemed to abrogate or limit in any way the powers
7 and authority of the state comptroller to set off debts owed the state
8 against payments from the state, under the constitution of the state or
9 any other law.

10 S 58. Paragraphs (a) and (b) of subdivision 1 of section 171-1 of the
11 tax law, as added by section 6 of part R of chapter 60 of the laws of
12 2004, are amended to read as follows:

13 (a) "taxpayer" shall mean a corporation, association, company, part-
14 nership, estate, trust, liquidator, fiduciary or other entity or indi-
15 vidual who or which is liable for any tax or other imposition imposed by
16 or pursuant to article nine, nine-A, twenty-two, thirty, thirty-A, thir-
17 ty-B[, thirty-two,] or thirty-three of this chapter, which tax or other
18 imposition is administered by the commissioner of taxation and finance,
19 or who or which is under a duty to perform an act under or pursuant to
20 such tax or imposition, excluding a state agency, a municipal corpo-
21 ration or a district corporation;

22 (b) "overpayment" shall mean an overpayment which has been requested
23 or determined to be refunded, a refund or a reimbursement, of a tax or
24 other imposition imposed by or pursuant to article nine, nine-A, twen-
25 ty-two, thirty, thirty-A, thirty-B[, thirty-two,] or thirty-three of
26 this chapter, which is administered by the commissioner of taxation and
27 finance; and

28 S 59. Paragraph (b) of subdivision 1 of section 183 of the tax law, as
29 amended by section 1 of part Y of chapter 63 of the laws of 2000, is
30 amended to read as follows:

31 (b) For the privilege of exercising its corporate franchise, or of
32 doing business, or of employing capital, or of owning or leasing proper-
33 ty in this state in a corporate or organized capacity, or of maintaining
34 an office in this state, every domestic corporation, joint-stock company
35 or association formed for or principally engaged in the conduct of
36 canal, steamboat, ferry (except a ferry company operating between any of
37 the boroughs of the city of New York under a lease granted by the city),
38 express, navigation, pipe line, transfer, baggage express, omnibus,
39 taxicab, telegraph, or telephone business, or formed for or principally
40 engaged in the conduct of two or more of such businesses, and every
41 domestic corporation, joint-stock company or association formed for or
42 principally engaged in the conduct of a railroad, palace car, sleeping
43 car or trucking business or formed for or principally engaged in the
44 conduct of two or more of such businesses and which has made an election
45 pursuant to subdivision ten of this section, and every other domestic
46 corporation, joint-stock company or association principally engaged in
47 the conduct of a transportation or transmission business, except a
48 corporation, joint-stock company or association formed for or principal-
49 ly engaged in the conduct of a railroad, palace car, sleeping car or
50 trucking business or formed for or principally engaged in the conduct of
51 two or more of such businesses and which has not made the election
52 provided for in subdivision ten of this section, and except a corpo-
53 ration, joint-stock company or association principally engaged in the
54 conduct of aviation (including air freight forwarders acting as princi-
55 pal and like indirect air carriers) and except a corporation principally
56 engaged in providing telecommunication services between aircraft and

1 dispatcher, aircraft and air traffic control or ground station and
2 ground station (or any combination of the foregoing), at least ninety
3 percent of the voting stock of which corporation is owned, directly or
4 indirectly, by air carriers and which corporation's principal function
5 is to fulfill the requirements of (i) the federal aviation adminis-
6 tration (or the successor thereto) or (ii) the international civil
7 aviation organization (or the successor thereto), relating to the exist-
8 ence of a communication system between aircraft and dispatcher, aircraft
9 and air traffic control or ground station and ground station (or any
10 combination of the foregoing) for the purposes of air safety and naviga-
11 tion [and except a corporation, joint-stock company or association
12 subject to taxation under article thirty-two of this chapter,] shall
13 pay, in advance, an annual tax to be computed upon the basis of the
14 amount of its capital stock within this state during the preceding year,
15 and upon each dollar of such amount. Provided, however, a corporation,
16 joint-stock company or association formed for or principally engaged in
17 the transportation, transmission or distribution of gas, electricity or
18 steam shall not be subject to tax under this section or section one
19 hundred eighty-four of this article.

20 S 60. Subdivision 10 of section 183 of the tax law, as added by chap-
21 ter 309 of the laws of 1996, is amended to read as follows:

22 10. Election. [With respect to taxable years beginning after nineteen
23 hundred ninety-seven, every] EVERY corporation, joint-stock company or
24 association formed for or principally engaged in the conduct of a rail-
25 road (including surface railroad, whether or not operated by steam,
26 subway railroad or elevated railroad), palace car, sleeping car or
27 trucking business or formed for or principally engaged in the conduct of
28 two or more of such businesses, which would be subject to article nine-A
29 [or thirty-two] of this chapter if the election provided for under this
30 subdivision were not made, may elect to be subject to the provisions of
31 this section and, as applicable, section one hundred eighty-four of this
32 article, rather than the provisions of such article nine-A [or thirty-
33 two]. [In the case of such a corporation, joint-stock company or associ-
34 ation subject to the tax imposed under this section and, as applicable,
35 section one hundred eighty-four of this article, for the taxable year
36 ending December thirty-first, nineteen hundred ninety-seven, such corpo-
37 ration, joint-stock company or association must make such election on or
38 before March fifteenth, nineteen hundred ninety-eight, and such election
39 shall apply to the taxable year ending on December thirty-first, nine-
40 teen hundred ninety-eight and to succeeding taxable years, until
41 revoked. In the case of such a corporation, joint-stock company or asso-
42 ciation which is not subject to the tax imposed under this section and,
43 as applicable, section one hundred eighty-four of this article for the
44 taxable year ending December thirty-first, nineteen hundred ninety-sev-
45 en, but thereafter would be subject to article nine-A or thirty-two of
46 this chapter if the election provided for under this subdivision were
47 not made, such] SUCH corporation, joint-stock company or association
48 must make such election by the first day on which such corporation,
49 joint-stock company or association would be required to file a return or
50 report (without regard to extensions) under this section or section one
51 hundred eighty-four of this article, or section one hundred eighty-
52 three-a or one hundred[-]eighty-four-a of this article, or article
53 nine-A [or thirty-two] of this chapter. An election made pursuant to
54 this subdivision shall continue to be in effect until revoked by the
55 taxpayer. A revocation of the election to be subject to this section
56 and, as applicable, section one hundred eighty-four of this article,

1 shall be irrevocable. Such election, and a revocation thereof, shall be
2 made in the manner prescribed by the commissioner, whether by regulation
3 or otherwise. Such revocation shall apply as of the first day of January
4 next following the end of a taxable year with respect to which the
5 taxpayer had been subject to this section and, as applicable, section
6 one hundred eighty-four of this article, by reason of an election made
7 pursuant to this subdivision.

8 S 61. The section heading and subdivisions 1 and 5 of section 183-a of
9 the tax law, the section heading as added by chapter 931 of the laws of
10 1982, subdivision 1 as amended by section 1 of part A of chapter 59 of
11 the laws of 2013 and subdivision 5 as amended by chapter 945 of the laws
12 of 1990, are amended to read as follows:

13 [Temporary metropolitan] METROPOLITAN transportation business tax
14 surcharge on transportation and transmission corporations and associ-
15 ations. 1. The term "corporation" as used in this section shall include
16 an association, within the meaning of paragraph three of subsection (a)
17 of section seventy-seven hundred one of the internal revenue code
18 (including a limited liability company), a publicly traded partnership
19 treated as a corporation for purposes of the internal revenue code
20 pursuant to section seventy-seven hundred four thereof and any business
21 conducted by a trustee or trustees wherein interest or ownership is
22 evidenced by certificates or other written instruments. Every corpo-
23 ration, joint-stock company or association formed for or principally
24 engaged in the conduct of canal, steamboat, ferry (except a ferry compa-
25 ny operating between any of the boroughs of the city of New York under a
26 lease granted by the city), express, navigation, pipe line, transfer,
27 baggage express, omnibus, taxicab, telegraph, or telephone business, or
28 formed for or principally engaged in the conduct of two or more such
29 businesses, and every corporation, joint-stock company or association
30 formed for or principally engaged in the conduct of a railroad, palace
31 car, sleeping car or trucking business or formed for or principally
32 engaged in the conduct of two or more of such businesses and which has
33 made an election pursuant to subdivision ten of section one hundred
34 eighty-three of this article, and every other corporation, joint-stock
35 company or association principally engaged in the conduct of a transpor-
36 tation or transmission business, except a corporation, joint-stock
37 company or association formed for or principally engaged in the conduct
38 of a railroad, palace car, sleeping car or trucking business or formed
39 for or principally engaged in the conduct of two or more of such busi-
40 nesses and which has not made the election provided for in subdivision
41 ten of section one hundred eighty-three of this article, and except a
42 corporation, joint-stock company or association principally engaged in
43 the conduct of aviation (including air freight forwarders acting as
44 principal and like indirect air carriers) and except a corporation prin-
45 cipally engaged in providing telecommunication services between aircraft
46 and dispatcher, aircraft and air traffic control or ground station and
47 ground station (or any combination of the foregoing), at least ninety
48 percent of the voting stock of which corporation is owned, directly or
49 indirectly, by air carriers and which corporation's principal function
50 is to fulfill the requirements of (i) the federal aviation adminis-
51 tration (or the successor thereto) or (ii) the international civil
52 aviation organization (or the successor thereto), relating to the exist-
53 ence of a communication system between aircraft and dispatcher, aircraft
54 and air traffic control or ground station and ground station (or any
55 combination of the foregoing) for the purposes of air safety and naviga-
56 tion [and except a corporation, joint-stock company or association which

1 is liable to taxation under article thirty-two of this chapter], shall
2 pay for the privilege of exercising its corporate franchise, or of doing
3 business, or of employing capital, or of owning or leasing property in
4 the metropolitan commuter transportation district in such corporate or
5 organized capacity, or of maintaining an office in such district, a tax
6 surcharge [for all or any part of its years commencing on or after Janu-
7 ary first, nineteen hundred eighty-two but ending before December thir-
8 ty-first, two thousand eighteen], which tax surcharge, in addition to
9 the tax imposed by section one hundred eighty-three of this article,
10 shall be computed at the rate of [eighteen percent of the tax imposed
11 under such section one hundred eighty-three for such years or any part
12 of such years ending before December thirty-first, nineteen hundred
13 eighty-three after the deduction of any credits otherwise allowable
14 under this article, and at the rate of] seventeen percent of the tax
15 imposed under such section for such years or any part of such years
16 [ending on or after December thirty-first, nineteen hundred eighty-
17 three] after the deduction of any credits otherwise allowable under this
18 article; provided, however, that such rates of tax surcharge shall be
19 applied only to that portion of the tax imposed under section one
20 hundred eighty-three of this article after the deduction of any credits
21 otherwise allowable under this article which is attributable to the
22 taxpayer's business activity carried on within the metropolitan commuter
23 transportation district as so determined in the manner prescribed by the
24 rules and regulations promulgated by the commissioner[; and provided,
25 further, that the tax surcharge imposed by this section shall not be
26 imposed upon any taxpayer for more than four hundred thirty-two months].
27 5. [The report covering the tax surcharge which must be calculated
28 pursuant to this section based upon the tax reportable on the report due
29 by March fifteenth, nineteen hundred eighty-two under section one
30 hundred eighty-three of this article shall be filed on or before March
31 fifteenth, nineteen hundred eighty-three. The report covering the tax
32 surcharge which must be calculated pursuant to this section based upon
33 the tax reportable on the report due by March fifteenth, nineteen
34 hundred eighty-three under section one hundred eighty-three of this
35 article shall be filed on or before March fifteenth, nineteen hundred
36 eighty-four. The report covering the tax surcharge which must be calcu-
37 lated pursuant to this section based upon the tax reportable on the
38 report due by March fifteenth, nineteen hundred eighty-four under
39 section one hundred eighty-three of this article shall be filed on or
40 before March fifteenth, nineteen hundred eighty-five. The report cover-
41 ing the tax surcharge which must be calculated pursuant to this section
42 based upon the tax reportable on the report due by March fifteenth,
43 nineteen hundred eighty-five under section one hundred eighty-three of
44 this article shall be filed on or before March fifteenth, nineteen
45 hundred eighty-six. The report covering the tax surcharge which must be
46 calculated pursuant to this section based upon the tax reportable on the
47 report due by March fifteenth, nineteen hundred eighty-six under section
48 one hundred eighty-three of this article shall be filed on or before
49 March fifteenth, nineteen hundred eighty-seven. The report covering the
50 tax surcharge which must be calculated pursuant to this section based
51 upon the tax reportable on the report due by March fifteenth, nineteen
52 hundred eighty-seven under section one hundred eighty-three of this
53 article shall be filed on or before March fifteenth, nineteen hundred
54 eighty-eight. The report covering the tax surcharge which must be calcu-
55 lated pursuant to this section based upon the tax reportable on the
56 report due by March fifteenth, nineteen hundred eighty-eight under

1 section one hundred eighty-three of this article shall be filed on or
2 before March fifteenth, nineteen hundred eighty-nine. The report cover-
3 ing the tax surcharge which must be calculated pursuant to this section
4 based upon the tax reportable on the report due by March fifteenth,
5 nineteen hundred eighty-nine under section one hundred eighty-three of
6 this article shall be filed on or before March fifteenth, nineteen
7 hundred ninety.] The report covering the tax surcharge which must be
8 calculated pursuant to this section based upon the tax reportable on the
9 report due by March fifteenth of any year [subsequent to nineteen
10 hundred eighty-nine] under section one hundred eighty-three of this
11 article shall be filed on or before March fifteenth of the year next
12 succeeding such year. An extension pursuant to section one hundred nine-
13 ty-three OF THIS ARTICLE shall be allowed only if a taxpayer files with
14 the commissioner an application for extension in such form as said
15 commissioner may prescribe by regulation and pays on or before the date
16 of such filing in addition to any other amounts required under this
17 article, either ninety percent of the entire tax surcharge required to
18 be paid under this section for the applicable period, or not less than
19 the tax surcharge shown on the taxpayer's report for the preceding year,
20 if such preceding year consisted of twelve months. The tax surcharge
21 imposed by this section shall be payable to the commissioner in full at
22 the time the report is required to be filed, and such tax surcharge or
23 the balance thereof, imposed on any taxpayer which ceases to exercise
24 its franchise or be subject to the tax surcharge imposed by this section
25 shall be payable to the commissioner at the time the report is required
26 to be filed, provided such tax surcharge of a domestic corporation which
27 continues to possess its franchise shall be subject to adjustment as the
28 circumstances may require; all other tax surcharges of any such taxpay-
29 er, which pursuant to the foregoing provisions of this section would
30 otherwise be payable subsequent to the time such report is required to
31 be filed, shall nevertheless be payable at such time. All of the
32 provisions of this article presently applicable to section one hundred
33 eighty-three of this article are applicable to the tax surcharge imposed
34 by this section except for section one hundred ninety-two of this arti-
35 cle.

36 S 62. Subdivision 1 of section 184 of the tax law, as amended by
37 section 2 of part Y of chapter 63 of the laws of 2000, is amended to
38 read as follows:

39 1. The term "corporation" as used in this section shall include an
40 association, within the meaning of paragraph three of subsection (a) of
41 section seventy-seven hundred one of the internal revenue code (includ-
42 ing a limited liability company), a publicly traded partnership treated
43 as a corporation for purposes of the internal revenue code pursuant to
44 section seventy-seven hundred four thereof.

45 Every corporation, joint-stock company or association formed for or
46 principally engaged in the conduct of canal, steamboat, ferry (except a
47 ferry company operating between any of the boroughs of the city of New
48 York under a lease granted by the city), express, navigation, pipe line,
49 transfer, baggage express, omnibus, taxicab, telegraph or local tele-
50 phone business, or formed for or principally engaged in the conduct of
51 two or more of such businesses, and every corporation, joint-stock
52 company or association formed for or principally engaged in the conduct
53 of surface railroad, whether or not operated by steam, subway railroad,
54 elevated railroad, palace car, sleeping car or trucking business or
55 formed for or principally engaged in the conduct of two or more such
56 businesses and which has made an election pursuant to subdivision ten of

1 section one hundred eighty-three of this article, and every other corpo-
2 ration, joint-stock company or association formed for or principally
3 engaged in the conduct of a transportation or transmission business
4 (other than a telephone business), except a corporation, joint-stock
5 company or association formed for or principally engaged in the conduct
6 of a surface railroad, whether or not operated by steam, subway rail-
7 road, elevated railroad, palace car, sleeping car or trucking business
8 or formed for or principally engaged in the conduct of two or more of
9 such businesses and which has not made the election provided for in
10 subdivision ten of section one hundred eighty-three of this article,
11 and, except a corporation, joint-stock company or association principal-
12 ly engaged in the conduct of aviation (including air freight forwarders
13 acting as principal and like indirect air carriers) and except a corpo-
14 ration principally engaged in providing telecommunication services
15 between aircraft and dispatcher, aircraft and air traffic control or
16 ground station and ground station (or any combination of the foregoing),
17 at least ninety percent of the voting stock of which corporation is
18 owned, directly or indirectly, by air carriers and which corporation's
19 principal function is to fulfill the requirements of (i) the federal
20 aviation administration (or the successor thereto) or (ii) the interna-
21 tional civil aviation organization (or the successor thereto), relating
22 to the existence of a communication system between aircraft and
23 dispatcher, aircraft and air traffic control or ground station and
24 ground station (or any combination of the foregoing) for the purposes of
25 air safety and navigation and [except a corporation, joint-stock company
26 or association which is liable to taxation under article thirty-two of
27 this chapter,] for the privilege of exercising its corporate franchise,
28 or of doing business, or of employing capital, or of owning or leasing
29 property in this state in a corporate or organized capacity, or main-
30 taining an office in this state, shall pay a franchise tax which shall
31 be equal to [(i) three-quarters of one percent for taxable years ending
32 before two thousand one, provided that for a taxable year ending in two
33 thousand the rate shall be reduced to three-eighths of one percent
34 effective July first, two thousand with the result that for purposes of
35 implementation of such change in rate the applicable rate for such a
36 year shall be nine-sixteenths of one percent, and (ii)] three-eighths of
37 one percent for taxable years commencing after two thousand, upon its
38 gross earnings from all sources within this state; except that, [for
39 taxable years commencing on or after January first, nineteen hundred
40 eighty-five and ending on or before December thirty-first, nineteen
41 hundred eighty-nine, every corporation, joint-stock company or associ-
42 ation formed for or principally engaged in the conduct of telephone or
43 telegraph business shall pay a franchise tax which shall be equal to
44 three-tenths of one per centum upon its gross earnings from all sources
45 within this state and,] for taxable years commencing on or after January
46 first, nineteen hundred ninety, every corporation, joint-stock company
47 or association formed for or principally engaged in the conduct of local
48 telephone business, or telegraph business shall pay a franchise tax
49 which shall be equal to [(i) three-quarters of one percent for taxable
50 years ending before two thousand one, provided that for a taxable year
51 ending in two thousand the rate shall be reduced to three-eighths of one
52 percent effective July first, two thousand with the result that for
53 purposes of implementation of such change in rate the applicable rate
54 for such a year shall be nine-sixteenths of one percent, and (ii)]
55 three-eighths of one percent for taxable years commencing after two
56 thousand, upon its gross earnings from all sources within this state,

1 except that a corporation, joint-stock company or association formed for
2 or principally engaged in the conduct of a local telephone business
3 shall exclude the following earnings (but not in any event earnings
4 derived by such taxpayer from the provision of carrier access services)
5 derived by such taxpayer from sales for ultimate consumption of telecom-
6 munications service to its customers (i) thirty percent of separately
7 charged intra-LATA toll service (which shall also include interregion
8 regional calling plan service) and (ii) one hundred percent of separate-
9 ly charged inter-LATA, interstate or international telecommunications
10 service; and except that [corporations, joint-stock companies or associ-
11 ations formed for or principally engaged in the conduct of surface rail-
12 road, whether or not operated by steam, subway railroad, elevated rail-
13 road, palace car or sleeping car, business or any other corporation
14 formed for or principally engaged in the conduct of a railroad business,
15 for taxable years prior to nineteen hundred ninety-seven, and] corpo-
16 rations, joint-stock companies or associations formed for or principally
17 engaged in the conduct of canal, steamboat, ferry (except a ferry compa-
18 ny operating between any of the boroughs of the city of New York under a
19 lease granted by the city), navigation or any corporation formed for or
20 principally engaged in the operation of vessels, shall pay a franchise
21 tax which shall be equal to three-quarters of one per centum upon its
22 gross earnings from all sources within this state, excluding earnings
23 derived from business of an interstate or foreign character; except that
24 for taxable years beginning in nineteen hundred ninety-seven or there-
25 after, in the case of a corporation, joint-stock company or association
26 which, with respect to taxable years beginning after nineteen hundred
27 ninety-seven, has made an election pursuant to subdivision ten of
28 section one hundred eighty-three of this article and which is formed for
29 or principally engaged in the conduct of surface railroad, whether or
30 not operated by steam, subway railroad, elevated railroad, palace car,
31 sleeping car or trucking business or formed for or principally engaged
32 in the conduct of two or more of such businesses, such corporation,
33 joint-stock company or association shall pay a franchise tax which shall
34 be equal to [(i) six-tenths of one percent for taxable years ending
35 before two thousand one, provided that for a taxable year ending in two
36 thousand the rate shall be reduced to three-eighths of one percent
37 effective July first, two thousand with the result that for purposes of
38 implementation of such change in rate the applicable rate for such a
39 year shall be thirty-nine eightieths of one percent, and (ii)] three-
40 eighths of one percent for taxable years commencing after two thousand,
41 upon its gross earnings from all sources within this state, provided
42 that in the case of a corporation, joint-stock company or association
43 formed for or principally engaged in the conduct of surface railroad,
44 whether or not operated by steam, subway railroad, elevated railroad,
45 palace car or sleeping car business, or formed for or principally
46 engaged in the conduct of two or more of such businesses, such gross
47 earnings shall not include earnings derived from business of an inter-
48 state or foreign character.

49 Provided, however, with respect to railroad, elevated railroad, palace
50 car or sleeping car business or any other corporation formed for or
51 principally engaged in the conduct of a railroad business and canal,
52 steamboat, ferry (except a ferry company operating between any of the
53 boroughs of the city of New York under a lease granted by the city),
54 navigation or any corporation formed for or principally engaged in the
55 operation of vessels where the gross earnings from such transportation
56 business both originating and terminating within this state and travers-

1 ing both this state and another state or states or country shall be
2 subject to the franchise tax imposed by this section (except where such
3 corporation, joint-stock company or association is formed for or princi-
4 pally engaged in the conduct of a railroad (including surface railroad,
5 whether or not operated by steam, subway railroad or elevated railroad),
6 palace car or sleeping car business or formed for or principally engaged
7 in the conduct of two or more of such businesses, and has not made the
8 election provided for under subdivision ten of section one hundred
9 eighty-three of this article) and such earnings shall be allocated to
10 this state in the same ratio that the mileage within the state bears to
11 the total mileage of such business. Provided, further, a corporation,
12 joint-stock company or association formed for or principally engaged in
13 the transportation, transmission or distribution of gas, electricity or
14 steam shall not be subject to tax under this section or section one
15 hundred eighty-three of this article.

16 The term "local telephone business" means the provision or furnishing
17 of telecommunication services for hire wherein the service furnished by
18 the provider thereof consists of carrier access service or the service
19 originates and terminates within the same local access and transport
20 area ("LATA"), a local access and transport area being that geographic
21 area as established and approved, and as so set and in existence on July
22 first, nineteen hundred ninety-four, pursuant to the modification of
23 final judgment in United States v. Western Electric Company (civil
24 action no. 82-0192) in the United States district court for the District
25 of Columbia or within the LATA-like Rochester non-associated independent
26 area.

27 The term "telecommunication services" shall have the meaning ascribed
28 to such term in section one hundred eighty-six-e of this article.

29 S 63. The section heading and the opening paragraph of subdivision 1
30 of section 184-a of the tax law, the section heading as added by chapter
31 931 of the laws of 1982 and the opening paragraph of subdivision 1 as
32 amended by section 2 of part A of chapter 59 of the laws of 2013, are
33 amended to read as follows:

34 Additional [temporary] metropolitan transportation business tax
35 surcharge on transportation and transmission corporations and associ-
36 ations services.

37 The term "corporation" as used in this section shall include an asso-
38 ciation, within the meaning of paragraph three of subsection (a) of
39 section seventy-seven hundred one of the internal revenue code (includ-
40 ing a limited liability company), and a publicly traded partnership
41 treated as a corporation for purposes of the internal revenue code
42 pursuant to section seventy-seven hundred four thereof. Every corpo-
43 ration, joint-stock company or association formed for or principally
44 engaged in the conduct of canal, steamboat, ferry (except a ferry compa-
45 ny operating between any of the boroughs of the city of New York under a
46 lease granted by the city), express, navigation, pipe line, transfer,
47 baggage express, omnibus, taxicab, telegraph or local telephone busi-
48 ness, or formed for or principally engaged in the conduct of two or more
49 such businesses, and every corporation, joint-stock company or associ-
50 ation formed for or principally engaged in the conduct of a surface
51 railroad, whether or not operated by steam, subway railroad, elevated
52 railroad, palace car, sleeping car or trucking business or principally
53 engaged in the conduct of two or more such businesses and which has made
54 an election pursuant to subdivision ten of section one hundred eighty-
55 three of this article, and every other corporation, joint-stock company
56 or association formed for or principally engaged in the conduct of a

1 transportation or transmission business (other than a telephone busi-
2 ness) except a corporation, joint-stock company or association formed
3 for or principally engaged in the conduct of a surface railroad, whether
4 or not operated by steam, subway railroad, elevated railroad, palace
5 car, sleeping car or trucking business or principally engaged in the
6 conduct of two or more such businesses and which has not made the
7 election provided for in subdivision ten of section one hundred eighty-
8 three of this article, and except a corporation, joint-stock company or
9 association principally engaged in the conduct of aviation (including
10 air freight forwarders acting as principal and like indirect air carri-
11 ers) and except a corporation principally engaged in providing telecom-
12 munication services between aircraft and dispatcher, aircraft and air
13 traffic control or ground station and ground station (or any combination
14 of the foregoing), at least ninety percent of the voting stock of which
15 corporation is owned, directly or indirectly, by air carriers and which
16 corporation's principal function is to fulfill the requirements of (i)
17 the federal aviation administration (or the successor thereto) or (ii)
18 the international civil aviation organization (or the successor there-
19 to), relating to the existence of a communication system between
20 aircraft and dispatcher, aircraft and air traffic control or ground
21 station and ground station (or any combination of the foregoing) for the
22 purposes of air safety and navigation [and except a corporation, joint-
23 stock company or association which is liable to taxation under article
24 thirty-two of this chapter], shall pay for the privilege of exercising
25 its corporate franchise, or of doing business, or of employing capital,
26 or of owning or leasing property in the metropolitan commuter transpor-
27 tation district in such corporate or organized capacity, or of maintain-
28 ing an office in such district, a tax surcharge [for all or any part of
29 its taxable years commencing on or after January first, nineteen hundred
30 eighty-two, but ending before December thirty-first, two thousand eigh-
31 teen], which tax surcharge, in addition to the tax imposed by section
32 one hundred eighty-four of this article, shall be computed at the rate
33 of [eighteen percent of the tax imposed under such section one hundred
34 eighty-four for such taxable years or any part of such taxable years
35 ending before December thirty-first, nineteen hundred eighty-three after
36 the deduction of any credits otherwise allowable under this article, and
37 at the rate of] seventeen percent of the tax imposed under such section
38 for such taxable years or any part of such taxable years [ending on or
39 after December thirty-first, nineteen hundred eighty-three] after the
40 deduction of any credits otherwise allowable under this article;
41 provided, however, that such rates of tax surcharge shall be applied
42 only to that portion of the tax imposed under section one hundred eight-
43 y-four of this article after the deduction of any credits otherwise
44 allowable under this article which is attributable to the taxpayer's
45 business activity carried on within the metropolitan commuter transpor-
46 tation district[; and provided, further, that the tax surcharge imposed
47 by this section on corporations, joint-stock companies and associations
48 formed for or principally engaged in the conduct of telephone or tele-
49 graph business shall be computed in accordance with this subdivision and
50 paragraph (c) of subdivision two of this section as if the three-quar-
51 ters of one percent rate of tax provided for in subdivision one of
52 section one hundred eighty-four of this article were applicable to such
53 telephone and telegraph businesses for taxable years commencing on or
54 after January first, nineteen hundred eighty-five and ending on or
55 before December thirty-first, nineteen hundred eighty-nine; and
56 provided, further, that the tax surcharge imposed by this section shall

1 not be imposed upon any taxpayer for more than four hundred thirty-two
2 months]. Provided, however, that for taxable years beginning in two
3 thousand and thereafter, for purposes of this subdivision the tax
4 imposed under section one hundred eighty-four of this article shall be
5 deemed to have been imposed at the rate of three-quarters of one
6 percent, except that in the case of a corporation, joint-stock company
7 or association which has made an election pursuant to subdivision ten of
8 section one hundred eighty-three of this article, for purposes of this
9 subdivision the tax imposed under section one hundred eighty-four of
10 this article shall be deemed to have been imposed at the rate of six-
11 tenths of one percent.

12 S 64. Subdivision 8 of section 186-a of the tax law is REPEALED.

13 S 65. The section heading and subdivision 1 of section 186-c of the
14 tax law, the section heading as amended by chapter 2 of the laws of
15 1995, subdivision 1 as amended by section 3 of part II-1 of chapter 57
16 of the laws of 2008, subparagraph 1 of paragraph (a) of subdivision 1 as
17 amended by section 3 of part A of chapter 59 of the laws of 2013, are
18 amended to read as follows:

19 [Temporary metropolitan] METROPOLITAN transportation business tax
20 surcharge on utility services and excise tax on sale of telecommuni-
21 cation services. 1. (a) (1) Every utility doing business in the metro-
22 politan commuter transportation district shall pay a tax surcharge, in
23 addition to the tax imposed by section one hundred eighty-six-a of this
24 article[, for all or any parts of its taxable years commencing on or
25 after January first, nineteen hundred eighty-two but ending before
26 December thirty-first, two thousand eighteen], to be computed [at the
27 rate of eighteen percent of the tax imposed under section one hundred
28 eighty-six-a of this article for such taxable years or any part of such
29 taxable years ending before December thirty-first, nineteen hundred
30 eighty-three after the deduction of any credits otherwise allowable
31 under this article, and] at the rate of seventeen percent of the tax
32 imposed under such section [for such taxable years or any part of such
33 taxable years ending on or after December thirty-first, nineteen hundred
34 eighty-three] after the deduction of credits otherwise allowable under
35 this article except any utility credit provided for by article thir-
36 teen-A of this chapter; provided, however, that such rates of tax
37 surcharge shall be applied only to that portion of the tax imposed under
38 section one hundred eighty-six-a of this article after the deduction of
39 credits otherwise allowable under this article, except any utility cred-
40 it provided for by article thirteen-A of this chapter, which is attrib-
41 utable to the taxpayer's gross income or gross operating income from
42 business activity carried on within the metropolitan commuter transpor-
43 tation district[; and provided, further, that the tax surcharge imposed
44 by this section shall not be imposed upon any taxpayer for more than
45 four hundred thirty-two months].

46 (2) Provided however, that [commencing January first, two thousand,]
47 in the case of the tax imposed under paragraph (a) of subdivision one of
48 section one hundred eighty-six-a of this article (relating to providers
49 of telecommunications services) such tax surcharge shall be calculated
50 as if the tax imposed under section one hundred eighty-six-a of this
51 article were imposed at a rate of three and one-half percent.

52 (b) In addition to the surcharge imposed by paragraph (a) of this
53 subdivision, there is hereby imposed a surcharge on the gross receipts
54 from telecommunication services relating to the metropolitan commuter
55 transportation district at the rate of seventeen percent of the state
56 tax rate under section one hundred eighty-six-e of this article [for all

1 or part of taxable years commencing on and after January first, nineteen
2 hundred ninety-five but ending before December thirty-first, two thou-
3 sand thirteen]. All the definitions and other provisions of section one
4 hundred eighty-six-e of this article shall apply to the tax imposed by
5 this paragraph with such modification and limitation as may be necessary
6 (including substituting the words "metropolitan commuter transportation
7 district" for "state" where appropriate) in order to adapt the language
8 of such section one hundred eighty-six-e of this article to the
9 surcharge imposed by this paragraph within such metropolitan commuter
10 transportation district so as to include (1) any intra-district telecom-
11 munication services, except any telecommunication services the gross
12 receipts from which are subject to tax under subparagraph four of this
13 paragraph, (2) any inter-district telecommunication services which orig-
14 inate or terminate in such district and are charged to a service address
15 therein regardless of where the amounts charged for such services are
16 billed or ultimately paid, except any telecommunications services the
17 gross receipts from which are subject to tax under subparagraph four of
18 this paragraph, (3) as apportioned to such district, private telecommu-
19 nication services, except any telecommunication services the gross
20 receipts from which are subject to tax under subparagraph four of this
21 paragraph, and (4) mobile telecommunications service provided by a home
22 service provider where the place of primary use is within such metropol-
23 itan commuter transportation district. Provided however, [commencing
24 October first, nineteen hundred ninety-eight] such tax surcharge shall
25 be calculated as if the tax imposed under section one hundred eighty-
26 six-e of this article were imposed at a rate of three and one-half
27 percent.

28 S 66. Clause (iii) of subparagraph (D) of paragraph 3 of subsection
29 (b) of section 605 of the tax law, as added by chapter 658 of the laws
30 of 2003, is amended to read as follows:

31 (iii) Provided further, that for the purposes of item (I) of clause
32 (i) of this subparagraph, a trustee which is a banking corporation as
33 defined in subsection (a) of section fourteen hundred fifty-two of this
34 chapter, AS SUCH SECTION WAS IN EFFECT ON DECEMBER THIRTY-FIRST, TWO
35 THOUSAND FOURTEEN, and which is domiciled outside the state of New York
36 at the time it becomes a trustee of the trust shall be deemed to contin-
37 ue to be a trustee domiciled outside the state of New York notwithstand-
38 ing that it thereafter otherwise becomes a trustee domiciled in the
39 state of New York by virtue of being acquired by, or becoming an office
40 or branch of, a corporate trustee domiciled within the state of New
41 York.

42 S 67. Subparagraph (A) of paragraph 10 of subsection (a) of section
43 606 of the tax law, as amended by section 3 of part CC of chapter 85 of
44 the laws of 2002, is amended to read as follows:

45 (A) the business of which the individual is an owner is substantially
46 similar in operation and in ownership to a business entity taxable, or
47 previously taxable, under section one hundred eighty-three, one hundred
48 eighty-four[,] OR one hundred eighty-five [or one hundred eighty-six] of
49 article nine; article nine-A[, thirty-two] or thirty-three of this chap-
50 ter; article twenty-three of this chapter or which would have been
51 subject to tax under such article twenty-three (as such article was in
52 effect on January first, nineteen hundred eighty), ARTICLE THIRTY-TWO OF
53 THIS CHAPTER OR WHICH WOULD HAVE BEEN SUBJECT TO TAX UNDER SUCH ARTICLE
54 THIRTY-TWO (AS SUCH ARTICLE WAS IN EFFECT ON DECEMBER THIRTY-FIRST, TWO
55 THOUSAND FOURTEEN) or the income (or losses) of which is (or was)
56 includable under article twenty-two of this chapter whereby the intent

1 and purpose of this paragraph and paragraph five of this subsection with
 2 respect to refunding of credit to new business would be evaded; or
 3 S 68. Subparagraph (B) of paragraph 1 of subsection (i) of section 606
 4 of the tax law, as amended by section 7 of part C-1 of chapter 57 of the
 5 laws of 2009, clause (ix) as amended by section 4 of part G of chapter
 6 59 of the laws of 2013, clause (xxxi) as added by section 5 of part MM
 7 of chapter 59 of the laws of 2010, clause (xxxi) as added by section 14
 8 of part Q of chapter 57 of the laws of 2010, clause (xxxii) as added by
 9 section 6 of part V of chapter 61 of the laws of 2011, clause (xxxiii)
 10 as added by section 4 of part D of chapter 56 of the laws of 2011,
 11 clause (xxxiii) as added by section 5 of part E of chapter 56 of the
 12 laws of 2011, clause (xxxiii) as added by chapter 604 of the laws of
 13 2011, clause (xxxiv) as added by chapter 109 of the laws of 2012, clause
 14 (xxxv) as added by section 2 of part AA of chapter 59 of the laws of
 15 2013, and clause (xxxvi) as added by section 8 of part A of chapter 68
 16 of the laws of 2013, and clause (xxxvii) as added by section 5 of part T
 17 of this act, is amended to read as follows:

18 (B) shall be treated as the owner of a new business with respect to
 19 such share if the corporation qualifies as a new business pursuant to
 20 paragraph [(j)] (F) of subdivision [twelve] ONE of section two hundred
 21 [ten] TEN-B of this chapter.

22 With respect to the following
 23 credit under this section:

The corporation's credit base under
 section two hundred [ten or section
 fourteen hundred fifty-six] TEN-B
 of this chapter is:

26 (i) Investment tax credit under
 27 subsection (a)

Investment credit base or qualified
 rehabilitation expenditures under
 subdivision [twelve] ONE of section
 two hundred [ten] TEN-B

30 (ii) Empire zone investment
 31 tax credit under subsection (j)

Cost or other basis under
 subdivision [twelve-B] THREE
 of section two hundred [ten] TEN-B

33 [(iii) Empire zone wage tax credit
 34 under subsection (k)

Eligible wages under subdivision
 nineteen of section two hundred
 ten or subsection (e) of section
 fourteen hundred fifty-six

37 (iv) Empire zone capital tax
 38 credit under subsection (l)

Qualified investments and
 contributions under subdivision
 twenty of section two hundred ten
 or subsection (d) of section
 fourteen hundred fifty-six]

42 (v) Agricultural property tax
 43 credit under subsection (n)

Allowable school district property
 taxes under subdivision
 [twenty-two] ELEVEN of
 section two hundred [ten]
 TEN-B

47 (vi) Credit for employment of
 48 persons with disabilities
 49 under subsection (o)

Qualified first-year wages or
 qualified second-year wages under
 subdivision [twenty-three] TWELVE

1		of section two hundred [ten or
2		subsection (f) of section
3		fourteen hundred fifty-six] TEN-B
4	(vii) Employment incentive credit	Applicable investment credit base
5	under subsection (a-1)	under subdivision [twelve-D] TWO
6		of section two hundred [ten]
7		TEN-B
8	(viii) Empire zone employment	Applicable investment credit
9	incentive credit under subsection	under subdivision [twelve-C]
10	(j-1)	FOUR of section
11		two hundred [ten] TEN-B
12	(ix) Alternative fuels	Amount of credit under subdivision
13	and electric vehicle	[twenty-four] THIRTY of section
14	recharging property	two hundred [ten] TEN-B
15	credit under subsection (p)	
16	(x) Qualified emerging technology	Applicable credit base under
17	company employment credit under	subdivision [twelve-E] SEVEN
18	subsection (q)	of section two hundred [ten] TEN-B
19	(xi) Qualified emerging technology	Qualified investments under
20	company capital tax credit under	subdivision [twelve-F] EIGHT
21	subsection (r)	of section two hundred [ten] TEN-B
22	(xii) Credit for purchase of an	Cost of an automated external
23	automated external defibrillator	defibrillator under subdivision
24	under subsection (s)	[twenty-five] THIRTEEN of section
25		two hundred [ten or subsection
26		(j) of section fourteen hundred
27		fifty-six] TEN-B
28	(xiii) Low-income housing credit	Credit amount under subdivision
29	under subsection (x)	[thirty] FIFTEEN of section
30		two hundred [ten or subsection
31		(l) of section fourteen
32		hundred fifty-six] TEN-B
33	[(xiv) Credit for transportation	For taxable years beginning
34	improvement contributions under	before January first, two thousand
35	subsection (z)	nine, amount of credit under
36		subdivision thirty-two of
37		section two hundred ten
38		or subsection (n) of section
39		fourteen hundred fifty-six]
40	(xv) QEZE credit for real property	Amount of credit under subdivision
41	taxes under subsection (bb)	[twenty-seven] FIVE of
42		section two hundred [ten
43		or subsection (o) of section
44		fourteen hundred fifty-six]
45		TEN-B
46	(xvi) QEZE tax reduction credit	Amount of benefit period factor,

1	under subsection (cc)	employment increase factor and zone
2		allocation factor (without regard
3		to pro ration) under subdivision
4		[twenty-eight] SIX of
5		section two hundred [ten
6		or subsection (p) of section
7		fourteen hundred fifty-six]
8		TEN-B and amount
9		of tax factor as determined under
10		subdivision (f) of section sixteen
11	(xvii) Green building credit under	Amount of green building credit
12	subsection (y)	under subdivision [thirty-one]
13		SIXTEEN of section two
14		hundred [ten or subsection (m)
15		of section fourteen hundred
16		fifty-six] TEN-B
17	(xviii) Credit for long-term care	Qualified costs under subdivision
18	insurance premiums under subsection	[twenty-five-a] FOURTEEN
19	(aa)	of section two hundred [ten
20		or subsection (k) of
21		section fourteen hundred fifty-six]
22		TEN-B
23	(xix) Brownfield redevelopment	Amount of credit under subdivision
24	credit under subsection (dd)	[thirty-three] SEVENTEEN
25		of section two hundred
26		[ten or subsection (q) of section
27		fourteen hundred fifty-six]
28		TEN-B
29	(xx) Remediated brownfield credit	Amount of credit under subdivision
30	for real property taxes for	[thirty-four] EIGHTEEN
31	qualified sites under subsection	of section two hundred
32	(ee)	[ten of subsection (r) of section
33		fourteen hundred fifty-six]
34		TEN-B
35	(xxi) Environmental remediation	Amount of credit under subdivision
36	insurance credit under subsection	[thirty-five] NINETEEN
37	(ff)	of section two hundred
38		[ten or subsection (s) of section
39		fourteen hundred fifty-six]
40		TEN-B
41	(xxii) Empire state film	Amount of credit for qualified
42	production credit under	production costs in production of a
43	subsection (gg)	qualified film under subdivision
44		[thirty-six] TWENTY of
45		section two hundred [ten] TEN-B
46	[(xxiii) Qualified emerging	Qualifying expenditures and
47	technology company facilities,	development activities under
48	operations and training credit	subdivision twelve-G of section two
49	under subsection (nn)	hundred ten]

1	(xxiv) Security training tax credit	Amount of credit under subdivision
2	under subsection (ii)	[thirty-seven] TWENTY-ONE
3		of section two hundred
4		[ten or under subsection (t) of
5		section fourteen hundred fifty-six]
6		TEN-B
7	[(xxv) Credit for qualified fuel	For taxable years beginning before
8	cell electric generating	January first, two thousand nine,
9	equipment expenditures	amount of credit under subdivision
10	under subsection (g-2)	thirty-seven of section two hundred
11		ten or subsection (t) of section
12		fourteen hundred fifty-six]
13	(xxvi) Empire state commercial	Amount of credit for qualified
14	production credit under subsection	production costs in production of
15	(jj)	a qualified commercial under
16		subdivision [thirty-eight]
17		TWENTY-THREE of
18		section two hundred [ten]
19		TEN-B
20	(xxvii) Biofuel production tax	Amount of credit under subdivision
21	credit under subsection (jj)	[thirty-eight] TWENTY-FOUR
22		of section two hundred [ten]
23		TEN-B
24	(xxviii) Clean heating fuel credit	Amount of credit under subdivision
25	under subsection (mm)	[thirty-nine] TWENTY-FIVE of
26		section two hundred [ten]
27		TEN-B
28	(xxix) Credit for rehabilitation	Amount of credit under subdivision
29	of historic properties under	[forty] TWENTY-SIX of
30	subsection (oo)	section two hundred [ten]
31		TEN-B
32	(xxx) Excelsior jobs program tax	Amount of credit under subdivision
33	credit under subsection (qq)	[forty-one] THIRTY-ONE of
34		section two hundred [ten
35		or under subdivision (u) of
36		section fourteen hundred fifty-six]
37		TEN-B
38	(xxxi) Empire state film	Amount of credit for
39	post production credit under	qualified post production
40	subsection (qq)	costs of a qualified film
41		under subdivision [forty-one]
42		THIRTY-TWO of section
43		two hundred [ten] TEN-B
44	(xxxii) Economic transformation	Amount of credit under subdivision
45	and facility redevelopment credit	[forty-three] THIRTY-FIVE
46		of section [210 or under
47		subsection (x) of section fourteen
48		hundred fifty-six] TWO HUNDRED

1		TEN-B
2	(xxxiii) New York youth works	Amount of credit under
3	tax credit	subdivision [forty-four] THIRTY-SIX
4		of section two hundred [ten]
5		TEN-B
6	(xxxiii) Empire state jobs	Amount of credit under
7	retention program credit	subdivision [forty-four]
8		THIRTY-SEVEN of section
9		two hundred [ten or under
10		subsection (y) of section
11		fourteen hundred fifty-six]
12		TEN-B
13	(xxxiii) Credit for companies who	Amount of credit under
14	provide transportation to	subdivision [forty-four]
15	individuals with disabilities	THIRTY-EIGHT of section
16	under subsection (tt)	two hundred [ten] TEN-B
17	(xxxiv) Beer production credit	Amount of credit under
18	under subsection (uu)	[subdivision] subdivision
19		[forty-five] THIRTY-NINE of
20		section two hundred [ten]
21		TEN-B
22	(xxxv) Hire a vet credit	Amount of credit under subdivision
23	under subsection (a-2)	[twenty-three-a] TWENTY-NINE
24		of section two hundred [ten
25		or subsection (e-1) of
26		of section fourteen hundred
27		fifty-six] TEN-B
28	(xxxv) Minimum wage reimbursement	Amount of credit under subdivision
29	credit under subsection (aaa)	[forty-six] FORTY
30		of section two hundred
31		[ten or subsection (z) of
32		section fourteen hundred
33		fifty-six] TEN-B
34	(xxxvi) Tax-free NY area tax	Amount of credit under
35	elimination credit	subdivision [forty-seven] FORTY-ONE
36		of section two hundred [ten]
37		TEN-B
38	(xxxvii) Tax-free NY area	Amount of credit under
39	excise tax on	subdivision [forty-eight]
40	telecommunications services	FORTY-THREE of section
41	credit under subsection (xx)	two hundred [ten] TEN-B
42	(XXXVIII) REAL PROPERTY TAX	AMOUNT OF CREDIT UNDER
43	CREDIT FOR MANUFACTURERS	SUBDIVISION FORTY-FOUR
44	UNDER SUBSECTION (YY)	OF SECTION
45		TWO HUNDRED TEN-B

1 S 69. Subparagraphs (A) and (B) of paragraph 3 of subsection (i) of
2 section 606 of the tax law, as added by chapter 170 of the laws of 1994,
3 are amended to read as follows:

4 (A) Credit carryover. Any excess credit under subparagraph (A) of
5 paragraph one of this subsection, as it was in effect for taxable years
6 beginning before nineteen hundred ninety-four, may be carried over to
7 the shareholder's following year or years and may be deducted from such
8 shareholder's tax for such year or years, except that any excess credit
9 attributable to subdivision [twelve] ONE of section two hundred [ten]
10 TEN-B of this chapter shall in no event be carried over beyond the ten
11 taxable years next following the taxable year of origin.

12 (B) Credit recapture. Any redetermination of credit required by this
13 subsection as it was in effect for taxable years beginning before nine-
14 teen hundred ninety-four, upon disposition or cessation of qualified use
15 of property pursuant to paragraph [(g)] (E) of subdivision [twelve] ONE,
16 OR paragraph (f) of subdivision [twelve-B or paragraph (f) of subdivi-
17 sion eighteen] THREE of section two hundred [ten] TEN-B of this chapter
18 shall be attributed in pro rata shares to the shareholders who were
19 allowed credit under this subsection with respect to such property, and
20 the reduction of a shareholder's proportionate stock interest shall be
21 treated as a disposition of property for which a redetermination of
22 credit under such paragraphs is required with respect to such sharehold-
23 er.

24 S 69-a. Intentionally omitted.

25 S 70. Subparagraph (B) of paragraph 3 and paragraph 21 of subsection
26 (b) and paragraph 21 of subsection (c) of section 612 of the tax law,
27 subparagraph (B) of paragraph 3 of subsection (b) as amended by section
28 57, paragraph 21 of subsection (b) as amended by section 59 and para-
29 graph 21 of subsection (c) as amended by section 60 of part A of chapter
30 389 of the laws of 1997, are amended to read as follows:

31 (B) Shareholders of S corporations. In the case of a shareholder of an
32 S corporation, with respect to taxes imposed upon or payable by the
33 corporation, the term "income taxes" in subparagraph (A) of this para-
34 graph shall also include the taxes imposed under [articles] ARTICLE
35 nine-A [and thirty-two] of this chapter, regardless of the measure of
36 such tax, but shall not otherwise include taxes imposed by this or any
37 other state of the United States, or any political subdivision of this
38 or any other state, or the District of Columbia.

39 (21) In relation to the disposition of stock or indebtedness of a
40 corporation which elected under subchapter s of chapter one of the
41 internal revenue code for any taxable year of such corporation begin-
42 ning, in the case of a corporation taxable under article nine-A of this
43 chapter, after December thirty-first, nineteen hundred eighty, [and in
44 the case of a corporation taxable under article thirty-two of this chap-
45 ter, after December thirty-first, nineteen hundred ninety-six,] the
46 amount required to be added to federal adjusted gross income pursuant to
47 subsection (n) of this section.

48 (21) In relation to the disposition of stock or indebtedness of a
49 corporation which elected under subchapter s of chapter one of the
50 internal revenue code for any taxable year of such corporation begin-
51 ning, in the case of a corporation taxable under article nine-A of this
52 chapter, after December thirty-first, nineteen hundred eighty, [and in
53 the case of a corporation taxable under article thirty-two of this chap-
54 ter, after December thirty-first, nineteen hundred ninety-six,] the
55 amounts required to be subtracted from federal adjusted gross income
56 pursuant to subsection (n) of this section.

1 S 71. Paragraph 2 of subsection (a) of section 632 of the tax law, as
2 amended by section 2 of part C of chapter 57 of the laws of 2010, is
3 amended to read as follows:

4 (2) In determining New York source income of a nonresident shareholder
5 of an S corporation where the election provided for in subsection (a) of
6 section six hundred sixty of this article is in effect, there shall be
7 included only the portion derived from or connected with New York sourc-
8 es of such shareholder's pro rata share of items of S corporation
9 income, loss and deduction entering into his federal adjusted gross
10 income, increased by reductions for taxes described in paragraphs two
11 and three of subsection (f) of section thirteen hundred sixty-six of the
12 internal revenue code, as such portion shall be determined under regu-
13 lations of the commissioner consistent with the applicable methods and
14 rules for allocation under article nine-A [or thirty-two] of this chap-
15 ter, regardless of whether or not such item or reduction is included in
16 entire net income under article nine-A [or thirty-two] for the tax year.
17 If a nonresident is a shareholder in an S corporation where the election
18 provided for in subsection (a) of section six hundred sixty of this
19 article is in effect, and the S corporation has distributed an install-
20 ment obligation under section 453(h)(1)(A) of the Internal Revenue Code,
21 then any gain recognized on the receipt of payments from the installment
22 obligation for federal income tax purposes will be treated as New York
23 source income allocated in a manner consistent with the applicable meth-
24 ods and rules for allocation under article nine-A [or thirty-two] of
25 this chapter in the year that the assets were sold. In addition, if the
26 shareholders of the S corporation have made an election under section
27 338(h)(10) of the Internal Revenue Code, then any gain recognized on the
28 deemed asset sale for federal income tax purposes will be treated as New
29 York source income allocated in a manner consistent with the applicable
30 methods and rules for allocation under article nine-A [or thirty-two] of
31 this chapter in the year that the shareholder made the section
32 338(h)(10) election. For purposes of a section 338(h)(10) election, when
33 a nonresident shareholder exchanges his or her S corporation stock as
34 part of the deemed liquidation, any gain or loss recognized shall be
35 treated as the disposition of an intangible asset and will not increase
36 or offset any gain recognized on the deemed assets sale as a result of
37 the section 338(h)(10) election.

38 S 72. Subparagraph (A) of paragraph 4 of subsection (c) of section 658
39 of the tax law, as amended by section 1 of part DD of chapter 686 of the
40 laws of 2003, is amended to read as follows:

41 (A) General. Every entity which is a partnership, other than a public-
42 ly traded partnership as defined in section 7704 of the federal Internal
43 Revenue Code, subchapter K limited liability company or an S corporation
44 for which the election provided for in subsection (a) of section six
45 hundred sixty of this [article] PART is in effect, which has partners,
46 members or shareholders who are nonresident individuals, as defined
47 under subsection (b) of section six hundred five of this article, or C
48 corporations, and which has any income derived from New York sources,
49 determined in accordance with the applicable rules of section six
50 hundred thirty-one of this article as in the case of a nonresident indi-
51 vidual, shall pay estimated tax on such income on behalf of such part-
52 ners, members or shareholders in the manner and at the times prescribed
53 by subsection (c) of section six hundred eighty-five of this article.
54 For purposes of this paragraph, the term "estimated tax" shall mean a
55 partner's, member's or shareholder's distributive share or pro rata
56 share of the entity income derived from New York sources, multiplied by

1 the highest rate of tax prescribed by section six hundred one of this
2 article for the taxable year of any partner, member or shareholder who
3 is an individual taxpayer, or paragraph (a) of subdivision one of
4 section two hundred ten of this chapter for the taxable year of any
5 partner, member or shareholder which is a C corporation, whether or not
6 such C corporation is subject to tax under article nine, nine-A[, thir-
7 ty-two,] or thirty-three of this chapter, and reduced by the distribu-
8 tive share or pro rata share of any credits determined under section one
9 hundred eighty-seven, one hundred eighty-seven-a, six hundred six[,
10 fourteen hundred fifty-six] or fifteen hundred eleven of this chapter,
11 whichever is applicable, derived from the entity.

12 S 73. Subsections (a) and (h) of section 660 of the tax law,
13 subsection (a) as amended by section 50 and subsection (h) as amended by
14 section 66 of part A of chapter 389 of the laws of 1997, are amended to
15 read as follows:

16 (a) Election. If a corporation is an eligible S corporation, the
17 shareholders of the corporation may elect in the manner set forth in
18 subsection (b) of this section to take into account, to the extent
19 provided for in this article (or in article thirteen of this chapter, in
20 the case of a shareholder which is a taxpayer under such article), the S
21 corporation items of income, loss, deduction and reductions for taxes
22 described in paragraphs two and three of subsection (f) of section thir-
23 teen hundred sixty-six of the internal revenue code which are taken into
24 account for federal income tax purposes for the taxable year. No
25 election under this subsection shall be effective unless all sharehold-
26 ers of the corporation have so elected. An eligible S corporation is (i)
27 an S corporation which is subject to tax under article nine-A [or thir-
28 ty-two] of this chapter, OR (ii) an S corporation which is the parent of
29 a qualified subchapter S subsidiary subject to tax under article nine-A,
30 where the shareholders of such parent corporation are entitled to make
31 the election under this subsection by reason of subparagraph three of
32 paragraph (k) of subdivision nine of section two hundred eight of this
33 chapter[; or (iii) an S corporation which is the parent of a qualified
34 subchapter S corporation subject to tax under article thirty-two, where
35 the shareholders of such parent are entitled to make the election under
36 this subsection by reason of paragraph three of subsection (o) of
37 section fourteen hundred fifty-three of this chapter].

38 (h) Cross reference. For definitions relating to S corporations, see
39 subdivision one-A of section two hundred eight [and subsections (f) and
40 (g) of section fourteen hundred fifty] of this chapter.

41 S 74. Paragraph 1 of subsection (i) of section 660 of the tax law, as
42 added by section 1 of part L of chapter 60 of the laws of 2007, is
43 amended to read as follows:

44 (1) Notwithstanding the provisions in subsection (a) of this section,
45 in the case of an eligible S corporation for which the election under
46 subsection (a) of this section is not in effect for the current taxable
47 year, the shareholders of an eligible S corporation are deemed to have
48 made that election effective for the eligible S corporation's entire
49 current taxable year, if the eligible S corporation's investment income
50 for the current taxable year is more than fifty percent of its federal
51 gross income for such year [provided that this subsection shall not
52 apply to an eligible S corporation that is subject to tax under article
53 thirty-two of this chapter]. IN DETERMINING AN ELIGIBLE S CORPORATION'S
54 INVESTMENT INCOME, THE INVESTMENT INCOME OF A QUALIFIED SUBCHAPTER S
55 SUBSIDIARY OWNED DIRECTLY OR INDIRECTLY BY THE ELIGIBLE S CORPORATION
56 SHALL BE INCLUDED.

1 S 75. Paragraph 3 of subsection (c) of section 1085 of the tax law, as
2 amended by section 15 of part Y of chapter 63 of the laws of 2000, is
3 amended to read as follows:

4 (3) The provisions of this subsection and subsections (d) and (e) of
5 this section shall apply to the failure of a taxpayer to file a declara-
6 tion of estimated tax surcharge or the failure to pay all or any part of
7 an amount which is applied as an installment against such estimated tax
8 surcharge pursuant to sections one hundred ninety-seven-a, one hundred
9 ninety-seven-b, two hundred thirteen-a, two hundred thirteen-b, [four-
10 teen hundred sixty, fourteen hundred sixty-one,] fifteen hundred thir-
11 teen and fifteen hundred fourteen of this chapter. For purposes of
12 applying this section and subsections (d) and (e) of this section to the
13 estimated tax surcharge, where appropriate the term "tax" shall be read
14 to mean "tax surcharge," and the terms "amount required to be paid,"
15 "amount which would be required to be paid," and "amount which would
16 have been required to be paid" shall be computed as the product of (1)
17 such amount computed without regard to the tax surcharges imposed under
18 sections one hundred eighty-four-a, one hundred eighty-six-c, one
19 hundred eighty-eight, two hundred nine-A, two hundred nine-B, [fourteen
20 hundred fifty-five-A, fourteen hundred fifty-five-B,] fifteen hundred
21 five-a, and fifteen hundred twenty of this chapter, and (2) the MTA
22 percentage. The term "MTA percentage" shall mean the product of (A) the
23 tax rate applicable under such sections imposing such surcharges and (B)
24 the percentage utilized in determining the portion of the taxpayer's
25 business activity carried on within the metropolitan commuter transpor-
26 tation district under such sections.

27 S 76. The opening paragraph of subparagraph (A) of paragraph 3 of
28 subsection (d) of section 1085 of the tax law, as amended by chapter 170
29 of the laws of 1994, is amended to read as follows:

30 An amount equal to ninety-one percent of the tax for the taxable year
31 computed on all items entering into the computation of the tax or taxes
32 of the taxpayer for the taxable year under article nine, nine-A[, thir-
33 ty-two] or thirty-three of this chapter. For purposes of computing the
34 tax, all items of receipts, income and expenses shall be placed on an
35 annualized basis--

36 S 77. Clause (i) of subparagraph (A) of paragraph 4 of subsection (d)
37 of section 1085 of the tax law, as amended by chapter 57 of the laws of
38 1993, is amended to read as follows:

39 (i) take the items entering into the computation of the tax or taxes
40 of the taxpayer for the taxable year under article nine, nine-A[, thir-
41 ty-two] or thirty-three of this chapter, for all months during the taxa-
42 ble year preceding the filing month,

43 S 78. Paragraph 5 of subsection (d) of section 1085 of the tax law, as
44 added by chapter 61 of the laws of 1989, is amended to read as follows:

45 (5) In the case of any declaration installment, any reduction in such
46 installment resulting from the application of paragraph three or four of
47 this subsection shall be recaptured by increasing the amount of the next
48 installment determined under paragraph one or two of this subsection or
49 paragraph one of subsection (c) of this section by the amount of such
50 reduction (and by increasing subsequent installments to the extent that
51 the reduction has not previously been recaptured under this paragraph).
52 For purposes of the preceding sentence, a declaration installment means
53 any installment of estimated tax other than the mandatory first install-
54 ment required under paragraph (a) of subdivision one of section one
55 hundred ninety-seven-b, subdivision (a) of section two hundred thir-

teen-b[, subsection (a) of section fourteen hundred sixty-one] or subdivision (a) of section fifteen hundred fourteen of this chapter.

S 79. Paragraph 1 of subsection (e) of section 1085 of the tax law, as amended by section 28-p of part H-3 of chapter 62 of the laws of 2003, is amended to read as follows:

(1) Paragraphs (1) and (2) of subsection (d) of this section shall not apply in the case of any corporation (or any predecessor corporation) which had [entire net] BUSINESS income, or the portion thereof allocated within the state, of one million dollars or more for any taxable year during the three taxable years immediately preceding the taxable year involved; provided, however, that in the case of a corporation subject to tax under section fifteen hundred two-a of this chapter, paragraphs (1) and (2) of subsection (d) of this section shall not apply if such corporation had entire net income, or the portion thereof allocated within the state, of one million dollars or more for any of the three taxable years immediately preceding the taxable year involved, or if the direct premiums subject to tax under section fifteen hundred two-a of this chapter of the corporation for any of such three preceding taxable years beginning on or after January first, two thousand three equals or exceeds three million seven hundred fifty thousand dollars.

S 80. Subsections (m) and (o) of section 1085 of the tax law are REPEALED.

S 81. Clause (ii) of subparagraph (B) of paragraph 2 of subsection (q), paragraph 3 of subsection (s) and the closing paragraph of paragraph 1 of subsection (t) of section 1085 of the tax law, as added by section 10 of part N of chapter 61 of the laws of 2005, are amended to read as follows:

(ii) fifty percent of the gross income that the organizer or material advisor derived with respect to activities that were the basis for the requirement to file, disclose or provide information pursuant to section six thousand eleven of the internal revenue code, to the extent such gross income is attributable to the avoidance of any tax imposed under article nine, nine-A[, thirty-two,] or thirty-three of this chapter.

(3) For purposes of this subsection, the term "understatement of liability" means any understatement of the net amount payable with respect to any tax imposed under article nine, nine-A[, thirty-two,] or thirty-three of this chapter or any overstatement of the net amount creditable or refundable with respect to any such tax.

shall pay, with respect to each activity described in subparagraph (A) of this paragraph, a penalty equal to one thousand dollars or, if the person establishes that it is lesser, one hundred percent of the gross income derived (or to be derived) by such person from such activity to the extent such gross income is attributed to the avoidance of any tax imposed under articles nine, nine-A[, thirty-two] or thirty-three of this chapter; provided, however, that if an activity with respect to which a penalty imposed under this subsection involves a statement described in clause (i) of subparagraph (B) of paragraph one of this subsection, the penalty shall be equal to fifty percent of the gross income derived (or to be derived) from that activity within the state by the person on which the penalty is imposed. For purposes of the preceding sentence, activities described in clause (i) of subparagraph (A) of this paragraph with respect to each entity or arrangement shall be treated as a separate activity and participation in each sale described in clause (ii) of subparagraph (A) of this paragraph shall be so treated.

1 S 82. The opening paragraph of subsection (c) of section 1087 of the
2 tax law, as separately amended by chapters 760 and 770 of the laws of
3 1992, is amended to read as follows:

4 If a taxpayer is required by subdivision three of section two hundred
5 eleven[, subsection (e) of section fourteen hundred sixty-two] or para-
6 graph one of subdivision (e) of section fifteen hundred fifteen OF THIS
7 CHAPTER, to file a report or amended return in respect of (i) a decrease
8 or increase in federal taxable income or federal alternative minimum
9 taxable income or federal tax, or (ii) a federal change or correction or
10 renegotiation, or computation or recomputation of tax, which is treated
11 in the same manner as if it were an overpayment for federal income tax
12 purposes, claim for credit or refund of any resulting overpayment of tax
13 shall be filed by the taxpayer within two years from the time such
14 report or amended return was required to be filed with the commissioner
15 [of taxation and finance]. If the report or amended return required by
16 any such provision of law is not filed within the period therein speci-
17 fied, no interest shall be payable on any claim for credit or refund of
18 the overpayment attributable to the federal change or correction. The
19 amount of such credit or refund--

20 S 83. Subsection (g) of section 1088 of the tax law, as amended by
21 chapter 61 of the laws of 1989 and relettered by chapter 55 of the laws
22 of 1992, is amended to read as follows:

23 (g) Cross-reference.--For provision with respect to interest after
24 failure to file a report or amended return under subdivision three of
25 section two hundred eleven[, subsection (e) of section fourteen hundred
26 sixty-two] or paragraph one of subdivision (e) of section fifteen
27 hundred fifteen, see subsection (c) of section one thousand eighty-sev-
28 en.

29 S 84. Paragraph 2 of subsection (b) of section 1096 of the tax law, as
30 amended by chapter 411 of the laws of 1986, is amended to read as
31 follows:

32 (2) The [tax commission] COMMISSIONER may take any action under para-
33 graph one of this subdivision to inquire into the commission of an
34 offense connected with the administration or enforcement of this article
35 or article nine, [nine-a] NINE-A, thirteen, [thirteen-a, thirty-two,]
36 THIRTEEN-A or thirty-three of this chapter, provided, however, that
37 notwithstanding the provisions of section one hundred seventy-four of
38 this chapter no such action shall be taken when a referral by the
39 department or the [tax commission] COMMISSIONER to the attorney general,
40 a district attorney or any other prosecutorial agency is in effect.
41 Provided, however, the [tax commission] COMMISSIONER shall have power,
42 during the period when such referral is in effect, to examine or to
43 cause to have examined, by any agent or representative designated by it
44 for that purpose, any books, papers, records or memoranda bearing upon
45 the matters required to be included in the return, where such books,
46 papers, records or memoranda are in its possession, or where such books,
47 papers, records or memoranda are in the possession of the attorney
48 general, district attorney or other prosecutorial agency to which such
49 referral is made.

50 S 85. Paragraph 1 of subsection (e) of section 1096 of the tax law, as
51 amended by section 8 of subpart D of part VI of chapter 57 of the laws
52 of 2009, is amended to read as follows:

53 (1) Authority to set interest rates.--The commissioner shall set the
54 overpayment and underpayment rates of interest to be paid pursuant to
55 sections two hundred thirteen, two hundred thirteen-b, two hundred
56 fifty-eight, two hundred sixty-three, two hundred ninety-four, one thou-

1 sand eighty-four, one thousand eighty-five[,] AND one thousand eighty-
2 eight[, fourteen hundred sixty-one and fourteen hundred sixty-three] of
3 this chapter, but if no such rate or rates of interest are set, such
4 overpayment rate shall be deemed to be set at six percent per annum and
5 such underpayment rate shall be deemed to be set at seven and one-half
6 percent per annum. Such overpayment and underpayment rates shall be the
7 rates prescribed in paragraph two of this subsection, but the underpay-
8 ment rate shall not be less than seven and one-half percent per annum.
9 Any such rates set by the commissioner shall apply to taxes, or any
10 portion thereof, which remain or become due or overpaid on or after the
11 date on which such rates become effective and shall apply only with
12 respect to interest computed or computable for periods or portions of
13 periods occurring in the period during which such rates are in effect.

14 S 86. Subdivision (b) of section 1201-a of the tax law, as amended by
15 section 5 of part Y of chapter 62 of the laws of 2006, is amended to
16 read as follows:

17 (b) Empire state film production credit. Any city in this state having
18 a population of one million or more, acting through its local legisla-
19 tive body, is hereby authorized to adopt and amend local laws to allow a
20 credit against the general corporation tax and the unincorporated busi-
21 ness tax imposed pursuant to the authority of chapter seven hundred
22 seventy-two of the laws of nineteen hundred sixty-six which shall be
23 substantially identical to the credit allowed under section twenty-four
24 of this chapter, except that (A) the percentage of qualified production
25 costs used to calculate such credit shall be five percent, (B) whenever
26 such section twenty-four references the state, such words shall be read
27 as referencing the city, (C) such credit shall be allowed only to a
28 taxpayer which is a qualified film production company, and (D) the
29 effective date of such credit shall be July first, two thousand six.
30 Such credit shall be applied in a manner consistent with the credit
31 allowed under subdivision [thirty-six] TWENTY of section two hundred
32 [ten] TEN-B of this chapter except as may be necessary to take into
33 account differences between the general corporation tax and the unincor-
34 porated business tax.

35 S 87. Subdivision (c) of section 1201-a of the tax law, as amended by
36 chapter 300 of the laws of 2007, is amended to read as follows:

37 (c) Empire state commercial production credit. Any city in this state
38 having a population of one million or more, acting through its local
39 legislative body, is hereby authorized to adopt and amend local laws to
40 allow a credit against the general corporation tax and the unincorporat-
41 ed business tax imposed pursuant to the authority of chapter seven
42 hundred seventy-two of the laws of nineteen hundred sixty-six which
43 shall be substantially identical to the credit allowed under the
44 provisions of section twenty-eight of this chapter, except that (A) the
45 percentage of qualified production costs used to calculate such credit
46 shall be five percent, (B) whenever such section twenty-eight references
47 the state, such words shall be read as referencing the city, (C) such
48 credit shall be allowed only to a taxpayer that is a qualified commer-
49 cial production company, and (D) the effective date of such credit shall
50 be as provided in local laws. Such credit shall be applied in a manner
51 consistent with the credit allowed under subdivision [thirty-eight]
52 TWENTY-THREE of section two hundred [ten] TEN-B of this chapter except
53 as may be necessary to take into account differences between the general
54 corporation tax and unincorporated business tax.

55 S 88. The section heading and paragraphs 1 and 3 of subdivision (a) of
56 section 1505-a of the tax law, the section heading as added by chapter

1 11 of the laws of 1983 and paragraphs 1 and 3 of subdivision (a) as
2 amended by section 6 of part A of chapter 59 of the laws of 2013, are
3 amended to read as follows:

4 [Temporary metropolitan] METROPOLITAN transportation business tax
5 surcharge on insurance corporations.

6 (1) Every domestic insurance corporation and every foreign or alien
7 insurance corporation, and every life insurance corporation described in
8 subdivision (b) of section fifteen hundred one of this article, for the
9 privilege of exercising its corporate franchise, or of doing business,
10 or of employing capital, or of owning or leasing property in the metro-
11 politan commuter transportation district in a corporate or organized
12 capacity, or of maintaining an office in the metropolitan commuter
13 transportation district, [for all or any part of its taxable years
14 commencing on or after January first, nineteen hundred eighty-two, but
15 ending before December thirty-first, two thousand eighteen,] except
16 corporations specified in subdivision (c) of section fifteen hundred
17 twelve of this article, shall annually pay, in addition to the taxes
18 otherwise imposed by this article, a tax surcharge on the taxes imposed
19 under this article after the deduction of any credits otherwise allow-
20 able under this article as allocated to such district. Such taxes shall
21 be allocated to such district for purposes of computing such tax
22 surcharge upon taxpayers subject to tax under subdivision (b) of section
23 fifteen hundred ten of this article by applying the methodology, proce-
24 dures and computations set forth in subdivisions (a) and (b) of section
25 fifteen hundred four of this article, except that references to terms
26 denoting New York premiums, and total wages, salaries, personal service
27 compensation and commissions within New York shall be read as denoting
28 within the metropolitan commuter transportation district and terms
29 denoting total premiums and total wages, salaries, personal service
30 compensation and commissions shall be read as denoting within the state.
31 If it shall appear to the commissioner that the application of the meth-
32 odology, procedures and computations set forth in such subdivisions (a)
33 and (b) does not properly reflect the activity, business or income of a
34 taxpayer within the metropolitan commuter transportation district, then
35 the commissioner shall be authorized, in the commissioner's discretion,
36 to adjust such methodology, procedures and computations for the purpose
37 of allocating such taxes by:

38 (A) excluding one or more factors therein;

39 (B) including one or more other factors therein, such as expenses,
40 purchases, receipts other than premiums, real property or tangible
41 personal property; or

42 (C) any other similar or different method which allocates such taxes
43 by attributing a fair and proper portion of such taxes to the metropol-
44 itan commuter transportation district. The commissioner from time to
45 time shall publish all rulings of general public interest with respect
46 to any application of the provisions of the preceding sentence. The
47 commissioner may promulgate rules and regulations to further implement
48 the provisions of this section.

49 (3) Such tax surcharge shall be computed at the rate of [eighteen
50 percent of the taxes imposed under sections fifteen hundred one and
51 fifteen hundred ten of this article as limited by section fifteen
52 hundred five of this article, as allocated to such district, for such
53 taxable years or any part of such taxable years ending before December
54 thirty-first, nineteen hundred eighty-three after the deduction of any
55 credits otherwise allowable under this article, at the rate of seventeen
56 percent of the taxes imposed under such sections as limited by section

15 fifteen hundred five of this article, as allocated to such district, for
16 such taxable years or any part of such taxable years ending on or after
17 December thirty-first, nineteen hundred eighty-three and before January
18 first, two thousand three after the deduction of any credits otherwise
19 allowable under this article, and at the rate of] seventeen percent of
20 the taxes imposed under sections fifteen hundred one, fifteen hundred
21 two-a, and fifteen hundred ten of this article, as limited or otherwise
22 determined by subdivision (a) or (b) of section fifteen hundred five of
23 this article, as allocated to such district, [for such taxable years or
24 any part of such taxable years ending after December thirty-first, two
25 thousand two] after the deduction of any credits otherwise allowable
26 under this article[; provided, however, that the tax surcharge imposed
27 by this section shall not be imposed upon any taxpayer for more than
28 four hundred thirty-two months]. Provided however, that for taxable
29 years commencing on or after July first, two thousand, and in the case
30 of taxpayers subject to tax under section fifteen hundred two-a of this
31 article, for taxable years of such taxpayers beginning on or after July
32 first, two thousand and before January first, two thousand three, such
33 surcharge shall be calculated as if (i) the rate of the tax computed
34 under paragraph one of subdivision (a) of section fifteen hundred two of
35 this article was nine percent and (ii) the rate of the limitation on tax
36 set forth in section fifteen hundred five of this article for domestic,
37 foreign and alien insurance corporations except life insurance corpo-
38 rations was two and six-tenths percent.

39 S 89. Section 1825 of the tax law, as amended by section 2 of part E
40 of chapter 25 of the laws of 2009, is amended to read as follows:

41 S 1825. Violation of secrecy provisions of the tax law.--Any person
42 who violates the provisions of subdivision (b) of section twenty-one,
43 subdivision one of section two hundred two, subdivision eight of section
44 two hundred eleven, subdivision (a) of section three hundred fourteen,
45 subdivision one or two of section four hundred thirty-seven, section
46 four hundred eighty-seven, subdivision one or two of section five
47 hundred fourteen, subsection (e) of section six hundred ninety-seven,
48 subsection (a) of section nine hundred ninety-four, subdivision (a) of
49 section eleven hundred forty-six, section twelve hundred eighty-seven,
50 subdivision (a) of section fourteen hundred eighteen, [subsection (a) of
51 section fourteen hundred sixty-seven,] subdivision (a) of section
52 fifteen hundred eighteen, subdivision (a) of section fifteen hundred
53 fifty-five of this chapter, and subdivision (e) of section 11-1797 of
54 the administrative code of the city of New York shall be guilty of a
55 misdemeanor.

56 S 90. Subdivisions (s) and (t) of section 957 of the general municipal
57 law, as amended by section 1 of part S1 of chapter 57 of the laws of
58 2009, are amended to read as follows:

59 (s) "Qualified investment project" shall mean a project (i) located
60 within an empire zone, (ii) at which five hundred or more jobs will be
61 created, provided such jobs are new to the state and are in addition to
62 any other jobs previously created by the owner of such project in the
63 state, and (iii) which will consist of tangible personal property and
64 other tangible property, including buildings and structural components
65 of buildings, described in subparagraphs (i), (ii), (iii), (iv) and
66 clause (A) or (C) of subparagraph (v) of paragraph (b) of subdivision
67 [twelve-B] THREE of section two hundred [ten] TEN-B of the tax law, the
68 basis of which for federal income tax purposes will equal or exceed
69 seven hundred fifty million dollars. Provided however, the owner of such

1 project does not employ more than two hundred persons in the state at
2 the time such project is commenced.

3 (t) "Significant capital investment project" shall mean a project (i)
4 located within an empire zone, (ii) which will be either a newly
5 constructed facility or a newly constructed addition to or expansion of
6 a qualified investment project, consisting of tangible personal property
7 and other tangible property, including buildings and structural compo-
8 nents of buildings, described in subparagraphs (i), (ii), (iii), (iv)
9 and clause (A) or (C) of subparagraph (v) of paragraph (b) of subdivi-
10 sion [twelve-B] THREE of section two hundred [ten] TEN-B of the tax law,
11 the basis of which for federal income tax purposes will equal or exceed
12 seven hundred fifty million dollars, (iii) which is constructed after
13 the basis for federal income tax purposes of the property comprising
14 such qualified investment project equals or exceeds seven hundred fifty
15 million dollars, and (iv) at which five hundred or more jobs will be
16 created, provided such jobs are new to the state and are in addition to
17 any other jobs previously created by the owner of such project in the
18 state.

19 S 91. Intentionally omitted.

20 S 92. Intentionally omitted.

21 S 93. Intentionally omitted.

22 S 94. Intentionally omitted.

23 S 95. Intentionally omitted.

24 S 96. Intentionally omitted.

25 S 97. Intentionally omitted.

26 S 98. Intentionally omitted.

27 S 99. Notwithstanding any provisions of law to the contrary and
28 notwithstanding the repeal of article 32 of the tax law by section one
29 of this act, the repeal of section 180 of the tax law by section two of
30 this act and the repeal of section 181 of the tax law by section three
31 of this act, all provisions of such article and such sections, in
32 respect to the imposition, exemption, assessment, payment, payment over,
33 determination, collection, and credit or refund of tax, interest and
34 penalty imposed thereunder, the filing of forms and returns, the preser-
35 vation of records for the purposes of such tax, the secrecy of returns,
36 the disposition of revenues, and the civil and criminal penalties appli-
37 cable to the violation of the provisions of such article 32 and such
38 sections 180 and 181, shall continue in full force and effect with
39 respect to all such tax accrued for taxable years beginning before Janu-
40 ary 1, 2015; and all actions and proceedings, civil or criminal,
41 commenced or authorized to be commenced under or by virtue of any
42 provision of such article 32 or by virtue of any provision of such
43 section 180 or 181 so repealed, and pending or able to be commenced
44 immediately prior to the taking effect of such repeal, may be commenced,
45 prosecuted and defended to final effect in the same manner as they might
46 if such provisions were not so repealed.

47 S 100. Subdivision 1 of section 187 of the tax law, as amended by
48 chapter 2 of the laws of 1995, is amended to read as follows:

49 1. A taxpayer shall be allowed a credit, to be credited against the
50 taxes imposed by this article, other than the taxes and fees imposed by
51 sections [one hundred eighty, one hundred eighty-one,] one hundred
52 eighty-six-a and one hundred eighty-six-e of this chapter. The amount of
53 the credit shall be the amount of the special additional mortgage
54 recording tax paid by the taxpayer pursuant to the provisions of subdivi-
55 sion one-a of section two hundred fifty-three of this chapter on mort-
56 gages recorded on and after January first, nineteen hundred seventy-

1 nine. Provided, however, that the amount of such credit allowable
2 against the tax imposed by section one hundred eighty-four of this chap-
3 ter shall be the excess of the amount of such special additional mort-
4 gage recording tax paid over the amount of any credit allowed by this
5 section against the tax imposed by section one hundred eighty-three of
6 this chapter. Provided further, however, no credit shall be allowed with
7 respect to a mortgage of real property principally improved or to be
8 improved by one or more structures containing in the aggregate not more
9 than six residential dwelling units, each dwelling unit having its own
10 separate cooking facilities, where the real property is located in one
11 or more of the counties comprising the metropolitan commuter transporta-
12 tion district and where the mortgage is recorded on or after May first,
13 nineteen hundred eighty-seven. Provided further, however, no credit
14 shall be allowed with respect to a mortgage of real property principally
15 improved or to be improved by one or more structures containing in the
16 aggregate not more than six residential dwelling units, each dwelling
17 unit having its own separate cooking facilities, where the real property
18 is located in the county of Erie and where the mortgage is recorded on
19 or after May first, nineteen hundred eighty-seven.

20 S 101. Subdivision 1 of section 187-a of the tax law, as added by
21 chapter 142 of the laws of 1997, is amended to read as follows:

22 1. Allowance of credit. A taxpayer shall be allowed a credit, to be
23 computed as hereinafter provided, against the taxes imposed by this
24 article, other than the taxes imposed by sections [one hundred eighty,
25 one hundred eighty-one,] one hundred eighty-six-a, one hundred eighty-
26 six-e and one hundred eighty-nine of this article, for employing within
27 the state a qualified employee. Provided, however, the amount of credit
28 allowed by this section against the tax imposed by section one hundred
29 eighty-four of this article shall be the excess of the credit computed
30 under this section over the amount of credit allowed by this section
31 against the tax imposed by section one hundred eighty-three of this
32 article.

33 S 102. Subdivision 1 of section 190 of the tax law, as amended by
34 section 17 of part B of chapter 58 of the laws of 2004, is amended to
35 read as follows:

36 1. General. A taxpayer shall be allowed a credit against the tax
37 imposed by this article[, other than the taxes and fees imposed by
38 sections one hundred eighty and one hundred eighty-one of this article,]
39 equal to twenty percent of the premium paid during the taxable year for
40 long-term care insurance. In order to qualify for such credit, the
41 taxpayer's premium payment must be for the purchase of or for continuing
42 coverage under a long-term care insurance policy that qualifies for such
43 credit pursuant to section one thousand one hundred seventeen of the
44 insurance law.

45 S 103. Subdivision 5 of section 192 of the tax law is REPEALED.

46 S 104. Clauses 1 and 2 of subparagraph (A) and subparagraph (B) of
47 paragraph (iii) of subdivision 9 of section 16-v of section 1 of chapter
48 174 of the laws of 1968 constituting the urban development corporation
49 act, as added by section 1 of part C of chapter 59 of the laws of 2013,
50 is amended to read as follows:

51 (1) over fifty percent of the number of shares of stock entitling the
52 holders thereof to vote for the election of directors or trustees is
53 owned or controlled, either directly or indirectly, by a taxpayer
54 subject to tax under the following provisions of the tax law: article
55 nine-A; section one hundred eighty-three, OR one hundred eighty-four [or

1 one hundred eighty-five] of article nine; [article thirty-two] or arti-
2 cle thirty-three; or

3 (2) is substantially similar in operation and in ownership to a busi-
4 ness entity (or entities) taxable or previously taxable under the
5 following provisions of the tax law: article nine-A; section one hundred
6 eighty-three, one hundred eighty-four, FORMER SECTION one hundred eight-
7 y-five or former section one hundred eighty-six of article nine; FORMER
8 article thirty-two; article thirty-three; article twenty-three, or would
9 have been subject to tax under such article twenty-three (as such arti-
10 cle was in effect on January first, nineteen hundred eighty) or the
11 income (or losses) of which is (or was) includable under article twen-
12 ty-two; or

13 (B) a sole proprietorship, partnership, limited partnership, limited
14 liability company, or New York subchapter S corporation that is not
15 substantially similar in operation and in ownership to a business entity
16 (or entities) taxable, or previously taxable, under article nine-A of
17 the tax law, section one hundred eighty-three, one hundred eighty-four,
18 FORMER SECTION one hundred eighty-five or former section one hundred
19 eighty-six of article nine of the tax law, FORMER article thirty-two or
20 ARTICLE thirty-three of the tax law, article twenty-three of the tax law
21 or which would have been subject to tax under such article twenty-three
22 (as such article was in effect on January first, nineteen hundred
23 eighty) or the income (or losses) of which is (or was) includable under
24 article twenty-two of the tax law; and

25 S 105. Section 206 of the tax law, as added by chapter 69 of the laws
26 of 1978, is amended to read as follows:

27 S 206. Deposit and disposition of revenue. The [license fees,]
28 taxes, percentage, interest and other charges imposed by this article
29 shall be collected and deposited and receipts therefor issued by the
30 [tax commission, except that such license fees, taxes, percentage,
31 interest and other charges imposed by section one hundred eighty of this
32 chapter shall be collected and deposited and receipts therefor issued by
33 the proper state officer in accordance with the provisions of subdivi-
34 sion two of section one hundred eighty of this chapter,] COMMISSIONER
35 and all revenues so collected or received shall be deposited and
36 disposed of pursuant to the provisions of section one hundred seventy-
37 one-a of this chapter.

38 S 106. Subsection (a) of section 1080 of the tax law, as added by
39 chapter 188 of the laws of 1964, is amended to read as follows:

40 (a) General.--- The provisions of this article shall apply to the
41 administration of and the procedures with respect to the taxes imposed
42 by articles nine [(except section one hundred eighty)], AND nine-a[,
43 nine-b and nine-c] of this chapter for taxable years or periods ending
44 on or after December thirty-first, nineteen hundred sixty-four.

45 S 107. Subdivisions (a) and (c) of section 1809 of the tax law, as
46 added by section 1 of subpart A of part S of chapter 57 of the laws of
47 2010, are amended to read as follows:

48 (a) Any person who, with intent to evade payment of any tax imposed
49 under article nine [(other than under section one hundred eighty or one
50 hundred eighty-one)], nine-A, thirteen, [thirty-two,] thirty-three or
51 thirty-three-A of this chapter, fails to file a return or report for
52 three consecutive taxable years shall be guilty of a class E felony,
53 provided that such person had an unpaid tax liability, in excess of the
54 threshold amount with respect to each of the three consecutive taxable
55 years. The threshold amount in the case of a taxable year under article
56 nine-A of this chapter ending after June thirtieth, nineteen hundred

eighty-nine is the applicable fixed dollar minimum prescribed under paragraph (d) of subdivision one of section two hundred ten of this chapter. In the event such fixed dollar minimum is less than two hundred fifty dollars, the threshold amount in the case of such taxable year is two hundred fifty dollars. In all other cases the threshold amount is two hundred fifty dollars.

(c) As used in this section, the terms "return" and "report" shall mean a return or report required under section one hundred ninety-two, two hundred eleven, two hundred ninety-four, [fourteen hundred sixty-two,] fifteen hundred fifteen or fifteen hundred fifty-four of this chapter. It shall not include any return or report referred to in section one hundred ninety-seven-a, two hundred thirteen-a, [fourteen hundred sixty] or fifteen hundred thirteen of this chapter.

S 108. Paragraphs (d), (e), (g), (h) and (q) of section 104-A of the business corporation law, subdivisions (d), (e) and (q) as amended by chapter 166 of the laws of 1991, subdivision (g) as added by chapter 591 of the laws of 1982, and subdivision (h) as amended by chapter 117 of the laws of 1986, are amended to read as follows:

(d) For filing a certificate of incorporation pursuant to section four hundred two of this chapter, one hundred twenty-five dollars [plus the tax on shares prescribed by section one hundred eighty of the tax law].

(e) For filing a certificate of amendment pursuant to section eight hundred five of this chapter, sixty dollars [plus the tax on shares prescribed by section one hundred eighty of the tax law if such certificate shows a change of shares].

(g) For filing a restated certificate of incorporation pursuant to section eight hundred seven of this chapter, sixty dollars [plus the tax on shares prescribed by section one hundred eighty of the tax law if such certificate shows a change of shares].

(h) For filing a certificate of merger or consolidation pursuant to section nine hundred four of this chapter, or a certificate of exchange pursuant to section nine hundred thirteen (other than paragraph (g) of section nine hundred thirteen) of this chapter, sixty dollars [plus the tax on shares prescribed by section one hundred eighty of the tax law if such certificate shows a change of shares].

(q) For filing a certificate of incorporation by a professional service corporation pursuant to section fifteen hundred three of this chapter, one hundred twenty-five dollars [plus the tax on shares prescribed by section one hundred eighty of the tax law].

S 109. Subdivision 8 of section 7-a of the general associations law, as added by chapter 575 of the laws of 1964, is amended to read as follows:

8. The provisions of section ninety-six of the executive law prescribing the fee to be collected by the department of state for filing a certificate of incorporation under the business corporation law shall apply to the certificate of incorporation to be filed pursuant to this section[, and the organization tax payable under section one hundred eighty of the tax law in respect of a corporation formed under the business corporation law shall be paid before the department of state shall file such certificate of incorporation].

S 110. Paragraph 1 of subdivision (a) of section 1502 of the tax law, as amended by section 4 of part N of chapter 60 of the laws of 2007, is amended to read as follows:

(1) for taxable years beginning before July first, two thousand, nine percent of the taxpayer's entire net income, or portion thereof allocated within this state, for the taxable year, or part thereof, except

1 that for taxable years beginning prior to January first, nineteen
2 hundred seventy-eight, the rate shall be four and five-tenths percent;
3 for taxable years beginning after June thirtieth, two thousand and
4 before July first, two thousand one, eight and one-half percent of the
5 taxpayer's entire net income, or portion thereof allocated within this
6 state, for the taxable year, or part thereof; for taxable years begin-
7 ning after June thirtieth, two thousand one and before July first, two
8 thousand two, eight percent of the taxpayer's entire net income, or
9 portion thereof allocated within this state, for the taxable year, or
10 part thereof; for taxable years beginning after June thirtieth, two
11 thousand two and before January first, two thousand seven, seven and
12 one-half percent of the taxpayer's entire net income, or portion thereof
13 allocated within this state, for the taxable year, or part thereof;
14 [and] for taxable years beginning on or after January first, two thou-
15 sand seven AND BEFORE DECEMBER THIRTY-FIRST, TWO THOUSAND FIFTEEN, seven
16 and one-tenth percent of the taxpayer's entire net income, or portion
17 thereof allocated within this state, for the taxable year, or part ther-
18 eof; AND FOR TAXABLE YEARS BEGINNING ON OR AFTER JANUARY FIRST, TWO
19 THOUSAND SIXTEEN, SIX AND ONE-HALF PERCENT OF THE TAXPAYER'S ENTIRE NET
20 INCOME, OR PORTION THEREOF ALLOCATED WITHIN THIS STATE, FOR THE TAXABLE
21 YEAR, OR PART THEREOF; or

22 S 111. Paragraphs 1 and 2 of subdivision (1) of section 11-640 of the
23 administrative code of the city of New York, as amended by section 3 of
24 part R of chapter 59 of the laws of 2012, is amended to read as follows:

25 (1) Notwithstanding anything to the contrary contained in this section
26 other than subdivision (m) of this section, a corporation that was in
27 existence before January first, two thousand [twelve] FOURTEEN and was
28 subject to tax under subchapter two of this chapter for its last taxable
29 year beginning before January first, two thousand [twelve] FOURTEEN,
30 shall continue to be taxable under such subchapter for all taxable years
31 beginning on or after January first, two thousand [twelve] FOURTEEN and
32 before January first, two thousand [fifteen] SEVENTEEN. The preceding
33 sentence shall not apply to any taxable year during which such corpo-
34 ration is a banking corporation described in paragraphs one through
35 eight of subdivision (a) of this section. Notwithstanding anything to
36 the contrary contained in this section other than subdivision (m) of
37 this section, a banking corporation or corporation that was in existence
38 before January first, two thousand [twelve] FOURTEEN and was subject to
39 tax under this subchapter for its last taxable year beginning before
40 January first, two thousand [twelve] FOURTEEN, shall continue to be
41 taxable under this subchapter for all taxable years beginning on or
42 after January first, two thousand [twelve] FOURTEEN and before January
43 first, two thousand [fifteen] SEVENTEEN only if the corporation is a
44 banking corporation as defined in subdivision (a) of this section or the
45 corporation satisfies the requirements for a corporation to elect to be
46 taxable under this subchapter. Provided further, that nothing in this
47 subdivision shall prohibit a corporation that elected pursuant to subdi-
48 vision (d) of this section to be taxable under subchapter two of this
49 chapter from revoking that election in accordance with subdivision (d)
50 of this section. For purposes of this paragraph, a corporation shall be
51 considered to be subject to tax under subchapter two of this chapter for
52 a taxable year if such corporation was not a taxpayer but was properly
53 included in a combined report filed pursuant to subdivision four of
54 section 11-605 of this chapter for such taxable year and a corporation
55 shall be considered to be subject to tax under this subchapter for a
56 taxable year if such corporation was not a taxpayer but was properly

1 included in a combined report filed pursuant to subdivision (f) or (g)
2 of section 11-646 of this part for such taxable year. A corporation that
3 was in existence before January first, two thousand [twelve] FOURTEEN
4 but first becomes a taxpayer in a taxable year beginning on or after
5 January first, two thousand [twelve] FOURTEEN and before January first,
6 two thousand [fifteen] SEVENTEEN, shall be considered for purposes of
7 this paragraph to have been subject to tax under subchapter two of this
8 chapter for its last taxable year beginning before January first, two
9 thousand [twelve] FOURTEEN if such corporation would have been subject
10 to tax under such subchapter for such taxable year if it had been a
11 taxpayer during such taxable year. A corporation that was in existence
12 before January first, two thousand [twelve] FOURTEEN but first becomes a
13 taxpayer in a taxable year beginning on or after January first, two
14 thousand [twelve] FOURTEEN and before January first, two thousand
15 [fifteen] SEVENTEEN, shall be considered for purposes of this paragraph
16 to have been subject to tax under this subchapter for its last taxable
17 year beginning before January first, two thousand [twelve] FOURTEEN if
18 such corporation would have been subject to tax under this subchapter
19 for such taxable year if it had been a taxpayer during such taxable
20 year.

21 (2) Notwithstanding anything to the contrary contained in this section
22 other than subdivision (m) of this section, a corporation formed on or
23 after January first, two thousand [twelve] FOURTEEN and before January
24 first, two thousand [fifteen] SEVENTEEN may elect to be subject to tax
25 under this subchapter or under subchapter two of this chapter for its
26 first taxable year beginning on or after January first, two thousand
27 [twelve] FOURTEEN and before January first, two thousand [fifteen]
28 SEVENTEEN in which either (i) sixty-five percent or more of its voting
29 stock is owned or controlled, directly or indirectly by a financial
30 holding company, provided the corporation whose voting stock is so owned
31 or controlled is principally engaged in activities that are described in
32 section 4(k)(4) or 4(k)(5) of the federal bank holding company act of
33 nineteen hundred fifty-six, as amended and the regulations promulgated
34 pursuant to the authority of such section or (ii) it is a financial
35 subsidiary. An election under this paragraph may not be made by a corpo-
36 ration described in paragraphs one through eight of subdivision (a) of
37 this section or in subdivision (e) of this section. In addition, an
38 election under this paragraph may not be made by a corporation that is a
39 party to a reorganization, as defined in subsection (a) of section 368
40 of the internal revenue code of 1986, as amended, of a corporation
41 described in paragraph one of this subdivision if both corporations were
42 sixty-five percent or more owned or controlled, directly or indirectly
43 by the same interests at the time of the reorganization.

44 An election under this paragraph must be made by the taxpayer on or
45 before the due date for filing its return (determined with regard to
46 extensions of time for filing) for the applicable taxable year. The
47 election to be taxed under subchapter two of this chapter shall be made
48 by the taxpayer by filing the return required pursuant to subdivision
49 one of section 11-605 of this chapter and the election to be taxed under
50 this subchapter shall be made by the taxpayer by filing the return
51 required pursuant to subdivision (a) of section 11-646 of this part. Any
52 election made pursuant to this paragraph shall be irrevocable and shall
53 apply to each subsequent taxable year beginning on or after January
54 first, two thousand [twelve] FOURTEEN and before January first, two
55 thousand [fifteen] SEVENTEEN, provided that the stock ownership and
56 activities requirements described in subparagraph (i) of this paragraph

1 are met or such corporation described in subparagraph (ii) of this para-
2 graph continues as a financial subsidiary.

3 S 112. Subparagraph (iv) of paragraph 2 of subdivision (f) of section
4 11-646 of the administrative code of the city of New York, as amended by
5 section 4 of part R of chapter 59 of the laws of 2012, is amended to
6 read as follows:

7 (iv) (A) Notwithstanding any provision of this paragraph, any bank
8 holding company exercising its corporate franchise or doing business in
9 the city may make a return on a combined basis without seeking the
10 permission of the commissioner with any banking corporation exercising
11 its corporate franchise or doing business in the city in a corporate or
12 organized capacity sixty-five percent or more of whose voting stock is
13 owned or controlled, directly or indirectly, by such bank holding compa-
14 ny, for the first taxable year beginning on or after January first, two
15 thousand and before January first, two thousand [fifteen] SEVENTEEN
16 during which such bank holding company registers for the first time
17 under the federal bank holding company act, as amended, and also elects
18 to be a financial holding company. In addition, for each subsequent
19 taxable year beginning after January first, two thousand and before
20 January first, two thousand [fifteen] SEVENTEEN, any such bank holding
21 company may file on a combined basis without seeking the permission of
22 the commissioner with any banking corporation that is exercising its
23 corporate franchise or doing business in the city and sixty-five percent
24 or more of whose voting stock is owned or controlled, directly or indi-
25 rectly, by such bank holding company if either such banking corporation
26 is exercising its corporate franchise or doing business in the city in a
27 corporate or organized capacity for the first time during such subse-
28 quent taxable year, or sixty-five percent or more of the voting stock of
29 such banking corporation is owned or controlled, directly or indirectly,
30 by such bank holding company for the first time during such subsequent
31 taxable year. Provided however, for each subsequent taxable year begin-
32 ning after January first, two thousand and before January first, two
33 thousand [fifteen] SEVENTEEN, a banking corporation described in either
34 of the two preceding sentences which filed on a combined basis with any
35 such bank holding company in a previous taxable year, must continue to
36 file on a combined basis with such bank holding company if such banking
37 corporation, during such subsequent taxable year, continues to exercise
38 its corporate franchise or do business in the city in a corporate or
39 organized capacity and sixty-five percent or more of such banking corpo-
40 ration's voting stock continues to be owned or controlled, directly or
41 indirectly, by such bank holding company, unless the permission of the
42 commissioner has been obtained to file on a separate basis for such
43 subsequent taxable year. Provided further, however, for each subsequent
44 taxable year beginning after January first, two thousand and before
45 January first, two thousand [fifteen] SEVENTEEN, a banking corporation
46 described in either of the first two sentences of this clause which did
47 not file on a combined basis with any such bank holding company in a
48 previous taxable year, may not file on a combined basis with such bank
49 holding company during any such subsequent taxable year unless the
50 permission of the commissioner has been obtained to file on a combined
51 basis for such subsequent taxable year.

52 (B) Notwithstanding any provision of this paragraph other than clause
53 (A) of this subparagraph, the commissioner may not require a bank hold-
54 ing company which, during a taxable year beginning on or after January
55 first, two thousand and before January first, two thousand [fifteen]
56 SEVENTEEN, registers for the first time during such taxable year under

1 the federal bank holding company act, as amended, and also elects to be
2 a financial holding company, to make a return on a combined basis for
3 any taxable year beginning on or after January first, two thousand and
4 before January first, two thousand [fifteen] SEVENTEEN with a banking
5 corporation sixty-five percent or more of whose voting stock is owned or
6 controlled, directly or indirectly, by such bank holding company.

7 S 113. Severability. If any provision of this act shall for any
8 reason be finally adjudged by any court of competent jurisdiction to be
9 invalid, such judgment shall not affect, impair, or invalidate the
10 remainder of this act, but shall be confined in its operation to the
11 provision directly involved in the controversy in which such judgment
12 shall have been rendered. It is hereby declared to be in the intent of
13 the legislature that this act would have been enacted even if such
14 invalid provision had not been included in this act. Provided further,
15 if a court of final, competent jurisdiction adjudges the tax rates
16 imposed on qualified New York manufacturers to be invalid, qualified New
17 York manufacturers shall be subject to the same tax rates as all other
18 taxpayers subject to tax under article 9-A of the tax law. Provided
19 further, if a court of final, competent jurisdiction adjudges that any
20 of the tax credits provided by this act to be invalid, such credit or
21 credits shall be deemed repealed and shall be of no force and effect as
22 to any taxpayers.

23 S 114. This act shall take effect January 1, 2015 and shall apply to
24 taxable years commencing on or after such date; provided that the amend-
25 ments to section 25 of the tax law made by section forty-three of this
26 act shall not affect the repeal of such section and shall be deemed
27 repealed therewith; provided, further, that the amendments to the open-
28 ing paragraph of subdivision (a), subparagraph (C) of paragraph 2 of
29 subdivision (e) and subdivision (f) of section 35 of the tax law made by
30 section fifty of this act shall not affect the repeal of such provisions
31 and shall be deemed repealed therewith; provided, further, that the
32 amendments to clause (xxxii) of subparagraph (B) of paragraph 1 of
33 subsection (i) of section 606 of the tax law made by section sixty-eight
34 of this act shall not affect the repeal of such clause and shall be
35 deemed repealed therewith; provided, further, that the amendments to
36 clause (xxxiii) of subparagraph (B) of paragraph 1 of subsection (i) of
37 section 606 of the tax law made by section sixty-eight of this act shall
38 not affect the repeal of such clause and shall be deemed repealed there-
39 with; and provided, further, that the amendments to clause (ii) of
40 subparagraph (B) of paragraph 2 of subsection (q), paragraph 3 of
41 subsection (s) and the closing paragraph of paragraph 1 of subsection
42 (t) of section 1085 of the tax law made by section eighty-one of this
43 act shall not affect the repeal of such provisions and shall be deemed
44 repealed therewith.

45 PART B

46 Section 1. Subparagraph (iii) of paragraph (a) of subdivision 14 of
47 section 425 of the real property tax law, as added by section 1 of part
48 J of chapter 57 of the laws of 2013, is amended to read as follows:

49 (iii) An owner who fails to register by the registration deadline so
50 established shall be permitted to file a petition with the commissioner
51 requesting that the commissioner excuse such failure and accept a late
52 registration, provided that such petition shall explain why such failure
53 occurred and shall be filed no later than one year after such deadline,
54 AND PROVIDED FURTHER THAT IF THE COMMISSIONER ACCEPTS A LATE REGISTRA-

TION AFTER HAVING DIRECTED THE REMOVAL OF THE BASIC STAR EXEMPTION FROM THE PROPERTY TO WHICH THE REGISTRATION PERTAINS, THEN IN LIEU OF DIRECTING THE EXEMPTION TO BE RESTORED, THE COMMISSIONER IS AUTHORIZED IN HIS OR HER DISCRETION TO REMIT DIRECTLY TO THE PROPERTY OWNER OR OWNERS THE TAX SAVINGS THAT THE EXEMPTION WOULD HAVE YIELDED HAD IT NOT BEEN REMOVED, AND TO FURTHER DIRECT THE ASSESSOR TO RESTORE THE EXEMPTION ON A PROSPECTIVE BASIS WITHOUT A NEW APPLICATION UNLESS THE ASSESSOR HAS REASON TO BELIEVE THAT THE PROPERTY OWNER IS NO LONGER ELIGIBLE FOR REASONS OTHER THAN A FAILURE TO REGISTER;

S 2. This act shall take effect immediately and shall be deemed to have been in full force and effect on and after April 1, 2014.

PART C

Section 1. Section 2 of chapter 540 of the laws of 1992, amending the real property tax law relating to oil and gas charges, as amended by section 1 of part A of chapter 59 of the laws of 2012, is amended to read as follows:

S 2. This act shall take effect immediately and shall be deemed to have been in full force and effect on and after April 1, 1992; provided, however that any charges imposed by section 593 of the real property tax law as added by section one of this act shall first be due for values for assessment rolls with tentative completion dates after July 1, 1992, and provided further, that this act shall remain in full force and effect until March 31, [2015] 2018, at which time section 593 of the real property tax law as added by section one of this act shall be repealed.

S 2. This act shall take effect immediately.

PART D

Intentionally Omitted

PART E

Section 1. Subsection (a) of section 653 of the tax law, as amended by chapter 65 of the laws of 1985, is amended to read as follows:

(a) General. (1) Any return, statement or other document required to be made pursuant to this article shall be signed in accordance with regulations or instructions prescribed by the [tax commission] COMMISSIONER. The fact that an individual's name is signed to a return, statement, or other document, shall be prima facie evidence for all purposes that the return, statement or other document was actually signed by him OR HER.

(2) IN THE CASE OF AN ELECTRONICALLY FILED INDIVIDUAL'S PERSONAL INCOME TAX RETURN PREPARED BY A TAX PREPARER, AN AUTHORIZATION TO FILE ANY RETURN, STATEMENT OR OTHER DOCUMENT REQUIRED TO BE MADE PURSUANT TO THIS ARTICLE SIGNED BY THE TAXPAYER IN ACCORDANCE WITH THE REGULATIONS OR INSTRUCTIONS PRESCRIBED BY THE COMMISSIONER AND RECEIVED ELECTRONICALLY BY THE TAX PREPARER SHALL SATISFY THE SIGNATURE REQUIREMENTS UNDER THIS ARTICLE.

S 2. This act shall take effect immediately and shall apply to returns filed for taxable years beginning on or after January 1, 2014.

PART F

Intentionally Omitted

PART G

Section 1. Section 2 of part I of chapter 58 of the laws of 2006, relating to providing an enhanced earned income tax credit, as amended by section 1 of part L of chapter 59 of the laws of 2012, is amended to read as follows:

S 2. This act shall take effect immediately and shall apply to taxable years beginning on or after January 1, 2006 and before January 1, [2015] 2017.

S 2. This act shall take effect immediately.

PART H

Section 1. The general obligations law is amended by adding a new section 3-505 to read as follows:

S 3-505. ENFORCEMENT OF DELINQUENT TAX LIABILITIES THROUGH ELECTRONIC TAX CLEARANCES FOR OCCUPATIONAL, PROFESSIONAL AND BUSINESS LICENSES.

1. AS USED IN THIS SECTION:

A. "GOVERNMENT ENTITY" MEANS THE STATE OF NEW YORK, OR ANY OF ITS AGENCIES, POLITICAL SUBDIVISIONS, INSTRUMENTALITIES, PUBLIC CORPORATIONS (INCLUDING A PUBLIC CORPORATION CREATED PURSUANT TO AGREEMENT OR COMPACT WITH ANOTHER STATE OR CANADA), OR COMBINATION THEREOF, RESPONSIBLE FOR DETERMINING WHETHER A LICENSE SHALL BE ISSUED OR RENEWED.

B. "ELECTRONIC LICENSE APPLICATION" MEANS ANY ELECTRONIC DATA FORM THAT MUST BE COMPLETED BY AN APPLICANT TO OBTAIN OR RENEW A LICENSE, OR AN ELECTRONIC DATA PROCESS WHICH IS USED BY A GOVERNMENT ENTITY TO PROCESS DATA RECEIVED FROM AN APPLICANT SEEKING TO RECEIVE OR RENEW A LICENSE.

C. "ELECTRONIC TAX CLEARANCE" MEANS AN ELECTRONIC COMMUNICATION FROM THE DEPARTMENT OF TAXATION AND FINANCE INDICATING THAT AN APPLICANT HAD NO PAST-DUE TAX LIABILITIES, AS THAT TERM IS DEFINED IN SECTION ONE HUNDRED SEVENTY-ONE-W OF THE TAX LAW, OR THAT NO CONCLUSIVE MATCH COULD BE MADE.

D. "LICENSE" MEANS ANY CERTIFICATE, LICENSE, PERMIT OR GRANT OF PERMISSION REQUIRED BY LAW OR AGENCY REGULATION AS A CONDITION FOR THE LAWFUL PRACTICE OF ANY OCCUPATION, EMPLOYMENT, TRADE, VOCATION, BUSINESS, OR PROFESSION, INCLUDING ANY REGISTRATION REQUIRED BY LAW OR AGENCY REGULATION AS A CONDITION FOR SUCH LAWFUL PRACTICE. THIS SHALL INCLUDE, BUT IS NOT LIMITED TO, ANY LICENSE GRANTED TO AN INDIVIDUAL OR ENTITY BY THE STATE EDUCATION DEPARTMENT, THE DEPARTMENT OF STATE, OR THE OFFICE OF COURT ADMINISTRATION. PROVIDED, HOWEVER, THAT "LICENSE" SHALL NOT, FOR THE PURPOSES OF THIS SECTION, INCLUDE ANY LICENSE OR PERMIT TO OWN, POSSESS, CARRY, OR FIRE ANY EXPLOSIVE, PISTOL, HANDGUN, RIFLE, SHOTGUN, OTHER FIREARM OR AMMUNITION.

2. NOTWITHSTANDING ANY OTHER PROVISION OF LAW, AND WHEN NOT ALREADY REQUIRED BY ANOTHER PROVISION OF LAW OR REGULATION, ANY GOVERNMENT ENTITY MAY ELECT TO CONDITION THE ISSUANCE OR RENEWAL OF A LICENSE ON THE ABSENCE OF PAST-DUE TAX LIABILITIES AND TO MAKE SUCH DETERMINATION THROUGH THE RECEIPT OF AN ELECTRONIC TAX CLEARANCE FROM THE DEPARTMENT OF TAXATION AND FINANCE AS PROVIDED FOR IN SECTION ONE HUNDRED SEVENTY-ONE-W OF THE TAX LAW.

3. ANY APPLICANT FOR A LICENSE SUBJECT TO ELECTRONIC TAX CLEARANCE SHALL BE REQUIRED TO PROVIDE ANY INFORMATION DEEMED NECESSARY BY THE

GOVERNMENT ENTITY AND THE DEPARTMENT OF TAXATION AND FINANCE TO EFFICIENTLY AND ACCURATELY PROVIDE AN ELECTRONIC TAX CLEARANCE, AND THE FAILURE BY THE APPLICANT TO PROVIDE SUCH INFORMATION SHALL RENDER THE APPLICATION INCOMPLETE.

4. THE APPLICATION FOR A LICENSE SUBJECT TO ELECTRONIC TAX CLEARANCE, OR THE INSTRUCTIONS FOR SUCH APPLICATION, SHALL CLEARLY INFORM THE APPLICANT THAT AN ELECTRONIC TAX CLEARANCE WILL BE PERFORMED AND THAT, IF THE TAX CLEARANCE IS DENIED, THE APPLICANT MUST CONTACT THE DEPARTMENT OF TAXATION AND FINANCE TO RESOLVE ANY PAST-DUE TAX LIABILITIES BEFORE THE APPLICATION FOR A LICENSE OR RENEWAL MAY BE RESUBMITTED.

5. IF AN ELECTRONIC TAX CLEARANCE IS DENIED BY THE DEPARTMENT OF TAXATION AND FINANCE, THE GOVERNMENT ENTITY SHALL DENY ISSUANCE OR RENEWAL OF THE REQUESTED LICENSE AND SHALL ELECTRONICALLY NOTIFY THE APPLICANT TO CONTACT THE DEPARTMENT OF TAXATION AND FINANCE TO RESOLVE THE PAST-DUE TAX LIABILITIES AND THAT NO LICENSE MAY BE ISSUED OR RENEWED UNTIL THE TAX LIABILITIES ARE RESOLVED.

6. ANY TAX CLEARANCE OR RELATED COMMUNICATIONS SHALL BE BY SECURE ELECTRONIC COMMUNICATION BETWEEN THE DEPARTMENT OF TAXATION AND FINANCE AND THE REQUESTING GOVERNMENT ENTITY SUCH THAT PROCESSING OF THE ELECTRONIC APPLICATION IS NOT DELAYED IF THE ELECTRONIC TAX CLEARANCE IS RECEIVED. NOTWITHSTANDING ANY OTHER LAW TO THE CONTRARY, A GOVERNMENT ENTITY SHALL BE AUTHORIZED TO SHARE ANY APPLICANT DATA OR INFORMATION WITH THE DEPARTMENT OF TAXATION AND FINANCE THAT IS NECESSARY TO ENSURE THE PROPER MATCHING OF THE APPLICANT TO THE TAX RECORDS MAINTAINED BY THE DEPARTMENT OF TAXATION AND FINANCE.

7. NO FEE SHALL BE CHARGED TO THE APPLICANT FOR THE PURPOSES OF RECEIVING AN ELECTRONIC TAX CLEARANCE.

S 2. The tax law is amended by adding a new section 171-w to read as follows:

S 171-W. ENFORCEMENT OF DELINQUENT TAX LIABILITIES THROUGH ELECTRONIC TAX CLEARANCES FOR OCCUPATIONAL, PROFESSIONAL AND BUSINESS LICENSES. 1. IN ACCORDANCE WITH SECTION 3-505 OF THE GENERAL OBLIGATIONS LAW, THE COMMISSIONER SHALL COOPERATE WITH ANY GOVERNMENT ENTITY THAT ELECTS TO REQUIRE AN ELECTRONIC TAX CLEARANCE AS A PART OF AN ELECTRONIC LICENSE APPLICATION PROCESS FOR WHICH THE GOVERNMENT ENTITY IS RESPONSIBLE. FOR THE PURPOSES OF THIS SECTION, THE TERM "TAX LIABILITIES" SHALL MEAN ANY TAX, SURCHARGE, OR FEE ADMINISTERED BY THE COMMISSIONER, OR ANY PENALTY OR INTEREST OWED BY AN INDIVIDUAL OR ENTITY. THE TERM "PAST-DUE TAX LIABILITIES" MEANS ANY UNPAID TAX LIABILITIES EQUAL TO OR IN EXCESS OF TEN THOUSAND DOLLARS WHICH HAVE BECOME FIXED AND FINAL SUCH THAT THE TAXPAYER NO LONGER HAS ANY RIGHT TO ADMINISTRATIVE OR JUDICIAL REVIEW. FOR THE PURPOSES OF THIS SECTION, THE TERMS "GOVERNMENT ENTITY," "ELECTRONIC LICENSE APPLICATION," AND "LICENSE" SHALL HAVE THE SAME MEANING AS PROVIDED IN SECTION 3-505 OF THE GENERAL OBLIGATIONS LAW.

2. THE COMMISSIONER, OR HIS OR HER DESIGNEE, SHALL COOPERATE WITH ANY GOVERNMENT ENTITY EXERCISING ITS AUTHORITY PURSUANT TO SECTION 3-505 OF THE GENERAL OBLIGATIONS LAW TO ESTABLISH PROCEDURES BY WHICH THE DEPARTMENT SHALL ELECTRONICALLY RECEIVE A TAX CLEARANCE REQUEST AS AN ELECTRONIC LICENSE APPLICATION IS PROCESSED, AND ELECTRONICALLY TRANSMIT SUCH TAX CLEARANCE TO THE GOVERNMENT ENTITY. THESE PROCEDURES SHALL INCLUDE THE IDENTIFICATION OF OWNERS, OFFICERS OR RESPONSIBLE PERSONS SUBJECT TO ELECTRONIC TAX CLEARANCE IN CONJUNCTION WITH AN APPLICATION BY AN ENTITY, AND ANY OTHER PROCEDURES DEEMED NECESSARY TO CARRY OUT THE PROVISIONS OF THIS SECTION.

3. IN ANY INSTANCE WHERE A LICENSE OR LICENSE RENEWAL PROVIDED BY THE GOVERNMENT ENTITY IS OF A TYPE THAT MAY BE ISSUED ONLY TO AN INDIVIDUAL

1 OR ENTITY THAT IS A PERSON REQUIRED TO REGISTER PURSUANT TO SECTION ONE
2 THOUSAND ONE HUNDRED THIRTY-FOUR OF THIS CHAPTER, THE DEPARTMENT SHALL
3 ALSO VERIFY THAT THE APPLICANT IS REGISTERED PURSUANT TO SUCH SECTION,
4 AND NO ELECTRONIC TAX CLEARANCE MAY BE ISSUED UNLESS THE APPLICANT IS
5 REGISTERED PURSUANT TO SUCH SECTION.

6 4. IF A TAX CLEARANCE IS DENIED, THE GOVERNMENT ENTITY PROCESSING THE
7 APPLICATION SHALL PROVIDE NOTICE TO THE APPLICANT TO CONTACT THE DEPART-
8 MENT. WHEN THE APPLICANT CONTACTS THE DEPARTMENT, THE DEPARTMENT SHALL
9 INFORM THE APPLICANT (A) WHAT PAST-DUE TAX LIABILITIES ARE AT ISSUE; (B)
10 THAT AN ELECTRONIC TAX CLEARANCE MAY BE RECEIVED BY FULLY SATISFYING THE
11 PAST-DUE TAX LIABILITIES OR BY MAKING PAYMENT ARRANGEMENTS SATISFACTORY
12 TO THE COMMISSIONER OR, IF THE APPLICANT NEEDS TO REGISTER FOR SALES TAX
13 PURPOSES, BY REGISTERING PURSUANT TO SECTION ONE THOUSAND ONE HUNDRED
14 THIRTY-FOUR OF THIS CHAPTER; AND (C) THE GROUNDS FOR CHALLENGING THE
15 DENIAL OF AN ELECTRONIC TAX CLEARANCE LISTED IN SUBDIVISION FIVE OF THIS
16 SECTION. THE GOVERNMENT ENTITY SHALL ALSO INFORM THE APPLICANT THAT AN
17 APPLICATION MAY BE RESUBMITTED AFTER PAYMENT FOR THE PAST-DUE TAX
18 LIABILITIES HAS CLEARED, OR, IF A PAYMENT PLAN IS AGREED TO, AFTER THE
19 FIRST PAYMENT PURSUANT TO SUCH PLAN HAS CLEARED.

20 5. (A) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, AND EXCEPT AS
21 SPECIFICALLY PROVIDED HEREIN, AN APPLICANT DENIED AN ELECTRONIC TAX
22 CLEARANCE SHALL HAVE NO RIGHT TO COMMENCE A COURT ACTION OR PROCEEDING
23 OR SEEK ANY OTHER LEGAL RECOURSE AGAINST THE DEPARTMENT OR THE GOVERN-
24 MENT ENTITY RELATED TO THE DENIAL OF AN ELECTRONIC TAX CLEARANCE BY THE
25 DEPARTMENT. AN APPLICANT MAY CHALLENGE SUCH DENIAL OF AN ELECTRONIC TAX
26 CLEARANCE ONLY ON THE GROUNDS THAT:

27 (I) THE INDIVIDUAL OR ENTITY DENIED THE ELECTRONIC TAX CLEARANCE IS
28 NOT THE INDIVIDUAL OR ENTITY WITH THE PAST-DUE TAX LIABILITIES AT ISSUE;
29 (II) THE PAST-DUE TAX LIABILITIES WERE SATISFIED; (III) THE APPLICANT'S
30 WAGES ARE BEING GARNISHED FOR THE PAYMENT OF CHILD SUPPORT OR COMBINED
31 CHILD AND SPOUSAL SUPPORT PURSUANT TO AN INCOME EXECUTION ISSUED PURSU-
32 ANT TO SECTION FIVE THOUSAND TWO HUNDRED FORTY-ONE OR FIVE THOUSAND TWO
33 HUNDRED FORTY-TWO OF THE CIVIL PRACTICE LAW AND RULES OR ANOTHER STATE'S
34 INCOME WITHHOLDING ORDER AS AUTHORIZED UNDER PART FIVE OF ARTICLE FIVE-B
35 OF THE FAMILY COURT ACT, OR GARNISHED BY THE DEPARTMENT FOR THE PAYMENT
36 OF THE PAST-DUE TAX LIABILITIES AT ISSUE; (IV) THE APPLICANT IS MAKING
37 CHILD SUPPORT PAYMENTS OR COMBINED CHILD AND SPOUSAL SUPPORT PAYMENTS
38 PURSUANT TO A SATISFACTORY PAYMENT ARRANGEMENT UNDER SECTION ONE HUNDRED
39 ELEVEN-B OF THE SOCIAL SERVICES LAW WITH A SUPPORT COLLECTION UNIT OR
40 OTHERWISE MAKING PERIODIC PAYMENTS IN ACCORDANCE WITH SECTION FOUR
41 HUNDRED FORTY OF THE FAMILY COURT ACT; OR (V) IF THE ONLY BASIS FOR THE
42 DENIAL OF AN ELECTRONIC TAX CLEARANCE WAS THE APPLICANT'S FAILURE TO
43 REGISTER PURSUANT TO SECTION ONE THOUSAND ONE HUNDRED THIRTY-FOUR OF
44 THIS CHAPTER, THAT THE APPLICANT WAS PROPERLY REGISTERED PURSUANT TO
45 SUCH SECTION ONE THOUSAND ONE HUNDRED THIRTY-FOUR.

46 (B) AN APPLICANT SEEKING TO CHALLENGE THE DENIAL OF AN ELECTRONIC TAX
47 CLEARANCE MUST PROTEST TO THE DEPARTMENT OR THE DIVISION OF TAX APPEALS
48 NO LATER THAN SIXTY DAYS FROM THE DATE OF THE ELECTRONIC NOTIFICATION TO
49 THE APPLICANT, PURSUANT TO SUBDIVISION FOUR OF SECTION 3-505 OF THE
50 GENERAL OBLIGATIONS LAW, THAT THE ELECTRONIC TAX CLEARANCE WAS DENIED.

51 (C) NOTHING IN THIS SUBDIVISION IS INTENDED TO LIMIT ANY APPLICANT
52 FROM SEEKING RELIEF FROM JOINT AND SEVERAL LIABILITY PURSUANT TO SECTION
53 SIX HUNDRED FIFTY-FOUR OF THIS CHAPTER, TO THE EXTENT THAT HE OR SHE IS
54 ELIGIBLE PURSUANT TO THAT SECTION, OR ESTABLISHING TO THE DEPARTMENT
55 THAT THE ENFORCEMENT OF THE UNDERLYING TAX LIABILITIES HAS BEEN STAYED

1 BY THE FILING OF A PETITION PURSUANT TO THE BANKRUPTCY CODE OF 1978
2 (TITLE ELEVEN OF THE UNITED STATES CODE).

3 6. NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE DEPARTMENT MAY
4 EXCHANGE WITH A GOVERNMENT ENTITY ANY DATA OR INFORMATION NECESSARY
5 THAT, IN THE DISCRETION OF THE COMMISSIONER, IS NECESSARY FOR THE IMPE-
6 MENTATION OF ANY ELECTRONIC TAX CLEARANCE. HOWEVER, NO OTHER AGENCY MAY
7 RE-DISCLOSE THIS INFORMATION TO ANY OTHER ENTITY OR PERSON, OTHER THAN
8 FOR THE PURPOSE OF INFORMING THE APPLICANT THAT THE APPLICATION FOR A
9 LICENSE OR THE RENEWAL OF SUCH LICENSE WILL NOT BE PROCESSED DUE TO THE
10 LACK OF A REQUIRED TAX CLEARANCE AUTHORIZED BY ANY PROVISION OF LAW
11 UNLESS OTHERWISE PERMITTED BY LAW.

12 7. EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE ACTIVITIES TO
13 COLLECT PAST-DUE TAX LIABILITIES UNDERTAKEN BY THE DEPARTMENT PURSUANT
14 TO THIS SECTION SHALL NOT IN ANY WAY LIMIT, RESTRICT OR IMPAIR THE
15 DEPARTMENT FROM EXERCISING ANY OTHER AUTHORITY TO COLLECT OR ENFORCE TAX
16 LIABILITIES UNDER ANY OTHER APPLICABLE PROVISION OF LAW.

17 8. EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE PROVISIONS OF
18 THIS SECTION ARE NOT APPLICABLE TO THE TAX CLEARANCE REQUIRED BY SECTION
19 ONE HUNDRED SEVENTY-ONE-V OF THIS CHAPTER.

20 S 3. This act shall take effect June 1, 2014; provided, however, that
21 the department of taxation and finance and any government entity elect-
22 ing to receive an electronic tax clearance from the department of taxa-
23 tion and finance may work to execute the necessary procedures and tech-
24 nical changes to support the electronic tax clearance process as
25 described in sections one and two of this act before that date;
26 provided, further, that this effective date will not impact the adminis-
27 tration of any electronic tax clearance program authorized by another
28 provision of law.

29 PART I

30 Section 1. Subsection (b) of section 612 of the tax law is amended by
31 adding a new paragraph 40 to read as follows:

32 (40) IN THE CASE OF A BENEFICIARY OF A TRUST NOT SUBJECT TO TAX PURSU-
33 ANT TO SUBPARAGRAPH (D) OF PARAGRAPH THREE OF SUBSECTION (B) OF SECTION
34 SIX HUNDRED FIVE OF THIS ARTICLE (EXCEPT FOR AN INCOMPLETE GIFT
35 NON-GRANTOR TRUST, AS DEFINED BY PARAGRAPH FORTY-ONE OF THIS
36 SUBSECTION), THE AMOUNT OF ANY ACCUMULATION DISTRIBUTION AS DESCRIBED IN
37 SUBSECTION (B) OF SECTION SIX HUNDRED SIXTY-FIVE OF THE INTERNAL REVENUE
38 CODE FOR THE TAX YEAR NOT TO EXCEED THE UNDISTRIBUTED NET INCOME AS
39 DESCRIBED IN SUBSECTION (A) OF SECTION SIX HUNDRED SIXTY-FIVE OF THE
40 INTERNAL REVENUE CODE FOR APPLICABLE YEARS, SUCH AMOUNT TO BE DETERMINED
41 WITHOUT REGARD TO SUBSECTION (C) OF SECTION SIX HUNDRED SIXTY-FIVE OF
42 THE INTERNAL REVENUE CODE, TO THE EXTENT NOT ALREADY INCLUDED IN FEDERAL
43 GROSS INCOME FOR THE TAX YEAR, EXCEPT THAT, IN COMPUTING THE AMOUNT TO
44 BE ADDED UNDER THIS PARAGRAPH, SUCH BENEFICIARY SHALL DISREGARD INCOME
45 EARNED BY A TRUST IN A TAXABLE YEAR STARTING BEFORE JANUARY FIRST, TWO
46 THOUSAND FOURTEEN AND IN ANY TAXABLE YEAR IN WHICH ANY OF THE FOLLOWING
47 CONDITIONS EXIST: (I) SUCH BENEFICIARY WAS NOT A RESIDENT OF THE STATE
48 DURING SUCH TAXABLE YEAR; (II) THE INCOME ACCUMULATED BY THE TRUST WAS
49 ACCUMULATED PRIOR TO THE BIRTH OF THE BENEFICIARY; OR (III) THE INCOME
50 ACCUMULATED BY THE TRUST WAS ACCUMULATED PRIOR TO THE BENEFICIARY'S
51 TWENTY-FIRST BIRTHDAY. FOR PURPOSES OF THIS PARAGRAPH, A BENEFICIARY
52 SHALL BE DEFINED AS A NEW YORK RESIDENT WHO, BUT FOR THE EXCEPTIONS SET
53 FORTH ABOVE IN SUBPARAGRAPHS (I), (II) AND (III) OF THIS PARAGRAPH, IS

1 ELIGIBLE TO RECEIVE A DISTRIBUTION DURING THE TAX YEAR IN WHICH THE
2 DISTRIBUTION FIRST COULD HAVE BEEN MADE.

3 S 2. Subsection (b) of section 612 of the tax law is amended by adding
4 a new paragraph 41 to read as follows:

5 (41) IN THE CASE OF A TAXPAYER WHO TRANSFERRED PROPERTY TO AN INCOM-
6 PLETE GIFT NON-GRANTOR TRUST, THE INCOME OF THE TRUST, LESS ANY
7 DEDUCTIONS OF THE TRUST, TO THE EXTENT SUCH INCOME AND DEDUCTIONS OF
8 SUCH TRUST WOULD BE TAKEN INTO ACCOUNT IN COMPUTING THE TAXPAYER'S
9 FEDERAL TAXABLE INCOME IF SUCH TRUST IN ITS ENTIRETY WERE TREATED AS A
10 GRANTOR TRUST FOR FEDERAL TAX PURPOSES. FOR PURPOSES OF THIS PARAGRAPH,
11 AN "INCOMPLETE GIFT NON-GRANTOR TRUST" MEANS A RESIDENT TRUST THAT MEETS
12 THE FOLLOWING CONDITIONS: (1) THE TRUST DOES NOT QUALIFY AS A GRANTOR
13 TRUST UNDER SECTION SIX HUNDRED SEVENTY-ONE THROUGH SIX HUNDRED SEVEN-
14 TY-NINE OF THE INTERNAL REVENUE CODE, AND (2) THE GRANTOR'S TRANSFER OF
15 ASSETS TO THE TRUST IS TREATED AS AN INCOMPLETE GIFT UNDER SECTION TWEN-
16 TY-FIVE HUNDRED ELEVEN OF THE INTERNAL REVENUE CODE, AND THE REGULATIONS
17 THEREUNDER.

18 S 3. Section 621 of the tax law, as added by chapter 272 of the laws
19 of 1963 and subsection (a) as amended by chapter 267 of the laws of
20 1987, is amended to read as follows:

21 S 621. [Credit] CREDITS to trust beneficiary receiving accumulation
22 distribution. (a) General. A resident beneficiary of a trust whose New
23 York adjusted gross income includes all or part of an accumulation
24 distribution by such trust, as defined in section six hundred sixty-five
25 of the internal revenue code, INCLUDING A BENEFICIARY WHO IS REQUIRED TO
26 MAKE THE MODIFICATION REQUIRED BY PARAGRAPH FORTY OF SUBSECTION (B) OF
27 SECTION SIX HUNDRED TWELVE OF THIS PART, shall be allowed (1) a credit
28 against the tax otherwise due under this article for all or a propor-
29 tionate part of any tax paid by the trust under this article or under
30 FORMER article sixteen of this chapter (as such article was in effect on
31 or before December thirtieth, nineteen hundred sixty), for any preceding
32 taxable year which would not have been payable if the trust had in fact
33 made distributions to its beneficiaries at the times and in the amounts
34 specified in section six hundred sixty-six of the internal revenue code;
35 AND (2) A CREDIT AGAINST THE TAXES IMPOSED BY THIS ARTICLE FOR THE TAXA-
36 BLE YEAR FOR ANY INCOME TAX IMPOSED ON THE TRUST FOR THE TAXABLE YEAR OR
37 ANY PRIOR TAXABLE YEAR BY ANOTHER STATE OF THE UNITED STATES, A POLI-
38 TICAL SUBDIVISION THEREOF, OR THE DISTRICT OF COLUMBIA, UPON INCOME BOTH
39 DERIVED THEREFROM AND SUBJECT TO TAX UNDER THIS ARTICLE, PROVIDED THAT
40 THE AMOUNT OF THE CREDIT SHALL NOT EXCEED THE PERCENTAGE OF THE TAX
41 OTHERWISE DUE UNDER THIS ARTICLE DETERMINED BY DIVIDING THE PORTION OF
42 THE INCOME THAT IS BOTH TAXABLE TO THE TRUST IN SUCH OTHER JURISDICTION
43 AND TAXABLE TO THE BENEFICIARY UNDER THIS ARTICLE BY THE TOTAL AMOUNT OF
44 THE BENEFICIARY'S NEW YORK INCOME.

45 (b) Limitation. The [credit] CREDITS under this section shall not
46 reduce the tax otherwise due from the beneficiary under this article to
47 an amount less than would have been due if the accumulation distribution
48 or his part thereof were excluded from his New York adjusted gross
49 income.

50 S 4. Section 658 of the tax law is amended by adding a new subsection
51 (f) to read as follows:

52 (F) (1) EVERY NONRESIDENT TRUST OR A TRUST DESCRIBED BY SUBPARAGRAPH
53 (D) OF PARAGRAPH THREE OF SUBSECTION (B) OF SECTION SIX HUNDRED FIVE OF
54 THIS ARTICLE SHALL MAKE A RETURN FOR ANY TAXABLE YEAR IN WHICH IT MAKES
55 AN ACCUMULATION DISTRIBUTION WITHIN THE MEANING OF SUBDIVISION (B) OF
56 SECTION SIX HUNDRED SIXTY-FIVE OF THE INTERNAL REVENUE CODE TO A BENEFI-

CIARY WHO IS A RESIDENT, WHICH RETURN SHALL INCLUDE (I) INFORMATION IDENTIFYING SUCH RESIDENT, (II) THE AMOUNT OF SUCH ACCUMULATION DISTRIBUTION, AND (III) SUCH OTHER INFORMATION AS THE COMMISSIONER MAY REQUIRE.

(2) EVERY RESIDENT TRUST THAT DOES NOT FILE THE RETURN REQUIRED BY SECTION SIX HUNDRED FIFTY-ONE OF THIS PART ON THE GROUND THAT IT IS NOT SUBJECT TO TAX PURSUANT TO SUBPARAGRAPH (D) OF PARAGRAPH THREE OF SUBSECTION (B) OF SECTION SIX HUNDRED FIVE OF THIS ARTICLE FOR THE TAXABLE YEAR SHALL MAKE A RETURN FOR SUCH TAXABLE YEAR SUBSTANTIATING ITS ENTITLEMENT TO THAT EXEMPTION AND PROVIDING SUCH OTHER INFORMATION AS THE COMMISSIONER MAY REQUIRE.

(3) THE RETURNS REQUIRED BY THIS SUBSECTION SHALL BE FILED ON OR BEFORE THE FIFTEENTH DAY OF THE FOURTH MONTH FOLLOWING THE CLOSE OF EACH TAXABLE YEAR. FOR PURPOSES OF THIS PARAGRAPH, "TAXABLE YEAR" MEANS A YEAR OR A PERIOD WHICH WOULD BE A TAXABLE YEAR OF THE TRUST IF IT WERE SUBJECT TO TAX UNDER THIS ARTICLE.

S 5. Paragraph 2 of subsection (h) of section 685 of the tax law, as amended by chapter 190 of the laws of 1990, is amended to read as follows:

(2) If any partnership [or], S corporation, OR TRUST required to file a return or report under subsection (c) OR SUBSECTION (F) of section six hundred fifty-eight or under section six hundred fifty-nine OF THIS ARTICLE for any taxable year fails to file such return or report at the time prescribed therefor (determined with regard to any extension of time for filing), or files a return or report which fails to show the information required under such subsection (c) or section six hundred fifty-nine OF THIS ARTICLE, unless it is shown that such failure is due to reasonable cause and not due to willful neglect, there shall, upon notice and demand by the commissioner and in the same manner as tax, be paid by the partnership or S corporation a penalty for each month (or fraction thereof) during which such failure continues (but not to exceed five months). The amount of such penalty for any month is the product of fifty dollars, multiplied by the number of partners in the partnership or shareholders in the S corporation during any part of the taxable year who were subject to tax under this article during any part of such taxable year, EXCEPT THAT, IN THE CASE OF A TRUST, THE PENALTY SHALL BE EQUAL TO ONE HUNDRED FIFTY DOLLARS A MONTH UP TO A MAXIMUM OF FIFTEEN HUNDRED DOLLARS PER TAXABLE YEAR.

S 6. Subdivision (b) of section 11-1712 of the administrative code of the city of New York is amended by adding a new paragraph 36 to read as follows:

(36) IN THE CASE OF A BENEFICIARY OF A TRUST NOT SUBJECT TO TAX PURSUANT TO SUBPARAGRAPH (D) OF PARAGRAPH THREE OF SUBSECTION (B) OF SECTION 11-1705 OF THIS CHAPTER (EXCEPT FOR AN INCOMPLETE GIFT NON-GRANTOR TRUST, AS DEFINED BY PARAGRAPH THIRTY-SEVEN OF THIS SUBDIVISION), THE AMOUNT OF ANY ACCUMULATION DISTRIBUTION AS DESCRIBED IN SUBSECTION (B) OF SECTION SIX HUNDRED SIXTY-FIVE OF THE INTERNAL REVENUE CODE FOR THE TAX YEAR NOT TO EXCEED THE UNDISTRIBUTED NET INCOME AS DESCRIBED IN SUBSECTION (A) OF SECTION SIX HUNDRED SIXTY-FIVE OF THE INTERNAL REVENUE CODE FOR APPLICABLE YEARS, SUCH AMOUNT TO BE DETERMINED WITHOUT REGARD TO SUBSECTION (C) OF SECTION SIX HUNDRED SIXTY-FIVE OF THE INTERNAL REVENUE CODE, TO THE EXTENT NOT ALREADY INCLUDED IN FEDERAL GROSS INCOME FOR THE TAX YEAR, EXCEPT THAT, IN COMPUTING THE AMOUNT TO BE ADDED UNDER THIS PARAGRAPH, SUCH BENEFICIARY SHALL DISREGARD INCOME EARNED BY A TRUST IN A TAXABLE YEAR STARTING BEFORE JANUARY FIRST, TWO THOUSAND FOURTEEN AND IN ANY TAXABLE YEAR IN WHICH ANY OF THE FOLLOWING CONDITIONS EXIST: (I) SUCH BENEFICIARY WAS NOT A RESIDENT OF THE STATE DURING

1 SUCH TAXABLE YEAR; (II) THE INCOME ACCUMULATED BY THE TRUST WAS ACCUMU-
2 LATED PRIOR TO THE BIRTH OF THE BENEFICIARY; OR (III) THE INCOME ACCUMU-
3 LATED BY THE TRUST WAS ACCUMULATED PRIOR TO THE BENEFICIARY'S
4 TWENTY-FIRST BIRTHDAY. FOR PURPOSES OF THIS PARAGRAPH, A BENEFICIARY
5 SHALL BE DEFINED AS A NEW YORK RESIDENT WHO, BUT FOR THE EXCEPTIONS SET
6 FORTH ABOVE IN SUBPARAGRAPHS (I), (II) AND (III) OF THIS PARAGRAPH, IS
7 ELIGIBLE TO RECEIVE A DISTRIBUTION DURING THE TAX YEAR IN WHICH THE
8 DISTRIBUTION FIRST COULD HAVE BEEN MADE.

9 S 7. Subdivision (b) of section 11-1712 of the administrative code of
10 the city of New York is amended by adding a new paragraph 37 to read as
11 follows:

12 (37) IN THE CASE OF A TAXPAYER WHO TRANSFERRED PROPERTY TO AN INCOM-
13 PLETE GIFT NON-GRANTOR TRUST, THE INCOME OF THE TRUST, LESS ANY
14 DEDUCTIONS OF SUCH TRUST, TO THE EXTENT SUCH INCOME AND DEDUCTIONS OF
15 SUCH TRUST WOULD BE TAKEN INTO ACCOUNT IN COMPUTING THE TAXPAYER'S
16 FEDERAL TAXABLE INCOME IF SUCH TRUST IN ITS ENTIRETY WERE TREATED AS A
17 GRANTOR TRUST FOR FEDERAL TAX PURPOSES. FOR PURPOSES OF THIS PARAGRAPH,
18 AN "INCOMPLETE GIFT NON-GRANTOR TRUST" MEANS A RESIDENT TRUST THAT MEETS
19 THE FOLLOWING CONDITIONS: (I) THE TRUST DOES NOT QUALIFY AS A GRANTOR
20 TRUST UNDER SECTION SIX HUNDRED SEVENTY-ONE THROUGH SIX HUNDRED SEVEN-
21 TY-NINE OF THE INTERNAL REVENUE CODE, AND (2) THE GRANTOR'S TRANSFER OF
22 ASSETS TO THE TRUST IS TREATED AS AN INCOMPLETE GIFT UNDER SECTION TWEN-
23 TY FIVE HUNDRED ELEVEN OF THE INTERNAL REVENUE CODE, AND THE REGULATIONS
24 THEREUNDER.

25 S 8. Section 11-1721 of the administrative code of the city of New
26 York, subdivisions (a) and (b) as amended by section 72 and such section
27 as renumbered by section 43 of chapter 639 of the laws of 1986, is
28 amended to read as follows:

29 S 11-1721 [Credit] CREDITS to trust beneficiary receiving accumulation
30 distribution. (a) General. A city resident beneficiary of a trust whose
31 city adjusted gross income includes all or part of an accumulation
32 distribution by such trust, as defined in section six hundred sixty-five
33 of the internal revenue code, INCLUDING A BENEFICIARY WHO IS REQUIRED TO
34 MAKE THE MODIFICATION REQUIRED BY PARAGRAPH THIRTY-SIX OF SUBDIVISION
35 (B) OF SECTION 11-1712 OF THIS SUBCHAPTER, shall be allowed (1) a credit
36 against the tax otherwise due under this chapter for all or a propor-
37 tionate part of any tax paid by the trust under this chapter or under
38 FORMER title T of chapter forty-six of this code, as it was in effect
39 prior to September first, nineteen hundred eighty-six, for any preceding
40 taxable year which would not have been payable if the trust had in fact
41 made distributions to its beneficiaries at the times and in the amounts
42 specified in section six hundred sixty-six of the internal revenue code;
43 AND (2) A CREDIT AGAINST THE TAXES IMPOSED BY THIS CHAPTER FOR THE TAXA-
44 BLE YEAR FOR ANY INCOME TAX IMPOSED FOR THE TAXABLE YEAR OR ANY PRIOR
45 TAXABLE YEAR BY ANOTHER STATE OF THE UNITED STATES, A POLITICAL SUBDIVI-
46 SION THEREOF, OR THE DISTRICT OF COLUMBIA, UPON INCOME BOTH DERIVED
47 THEREFROM AND SUBJECT TO TAX UNDER THIS CHAPTER, PROVIDED THAT THE
48 AMOUNT OF THE CREDIT SHALL NOT EXCEED THE PERCENTAGE OF THE TAX OTHER-
49 WISE DUE UNDER THIS CHAPTER DETERMINED BY DIVIDING THE PORTION OF THE
50 INCOME THAT IS BOTH TAXABLE TO THE TRUST IN SUCH OTHER JURISDICTION AND
51 TAXABLE TO THE BENEFICIARY UNDER THIS CHAPTER BY THE TOTAL AMOUNT OF THE
52 BENEFICIARY'S NEW YORK CITY INCOME.

53 (b) Limitation. The [credit] CREDITS under this section shall not
54 reduce the tax otherwise due from the beneficiary under this chapter to
55 an amount less than would have been due if the accumulation distribution

1 or his or her part thereof were excluded from his or her city adjusted
2 gross income.

3 S 9. This act shall take effect immediately and shall apply to taxable
4 years beginning on or after January 1, 2014, provided that sections one
5 and six of this act shall not apply to income of a nonresident trust or
6 an exempt resident trust paid to a beneficiary before June 1, 2014, and
7 sections two and seven of this act shall not apply to income from a
8 trust that is liquidated before June 1, 2014.

9

PART J

10 Section 1. Section 602 of the tax law is REPEALED.

11 S 2. Paragraph 4 of subsection (c) and paragraph 4 of subsection (d)
12 of section 606 of the tax law, paragraph 4 of subsection (c) as added by
13 chapter 309 of the laws of 1996 and paragraph 4 of subsection (d) as
14 amended by chapter 2 of the laws of 1995, are amended to read as
15 follows:

16 (4) Part-year residents. In the case of a part-year resident taxpayer,
17 the credit under this subsection shall be allowed against the tax deter-
18 mined under subsections (a) through (d) of section six hundred one
19 reduced by the credit permitted under subsection (b) of this section,
20 and any excess credit after such application shall be allowed against
21 the [taxes] TAX imposed by [sections six hundred two and] SECTION six
22 hundred three. Any remaining excess, after such application, shall be
23 refunded as provided in paragraph two hereof, provided, however, that
24 any overpayment under such paragraph shall be limited to the amount of
25 the remaining excess multiplied by a fraction, the numerator of which is
26 federal adjusted gross income for the period of residence, computed as
27 if the taxable year for federal income tax purposes were limited to the
28 period of residence, and the denominator of which is federal adjusted
29 gross income for the taxable year.

30 (4) Part-year residents. In the case of a part-year resident taxpayer,
31 the credit under this subsection shall be allowed against the tax deter-
32 mined under subsections (a) through (d) of section six hundred one
33 reduced by the credits permitted under subsections (b), (c) and (m) of
34 this section, and any excess credit after such application shall be
35 allowed against the [taxes] TAX imposed by [sections six hundred two
36 and] SECTION six hundred three. Any remaining excess, after such appli-
37 cation, shall be refunded as provided in paragraph two hereof, provided,
38 however, that any overpayment under such paragraph shall be limited to
39 the amount of the remaining excess multiplied by a fraction, the numera-
40 tor of which is federal adjusted gross income for the period of resi-
41 dence, computed as if the taxable year for federal income tax purposes
42 were limited to the period of residence, and the denominator of which is
43 federal adjusted gross income for the taxable year.

44 S 3. Section 622 of the tax law is REPEALED.

45 S 4. Section 636 of the tax law is REPEALED.

46 S 5. Subsections (a), (b) and (c) of section 639 of the tax law, as
47 added by chapter 170 of the laws of 1994, are amended to read as
48 follows:

49 (a) If an individual changes status from resident to nonresident he
50 shall, regardless of his method of accounting, accrue to the period of
51 residence any items of income, gain, loss, deduction, [items of tax
52 preference] or ordinary income portion of a lump sum distribution accru-
53 ing prior to the change of status, with the applicable modifications and
54 adjustments to federal adjusted gross income[,] AND itemized deductions

1 [and items of tax preference] under sections six hundred twelve[,] AND
2 six hundred fifteen [and six hundred twenty-two], if not otherwise prop-
3 erly includible or allowable for New York income tax purposes for such
4 period or a prior taxable year under his method of accounting.

5 (b) If an individual changes status from nonresident to resident he
6 shall, regardless of his method of accounting, accrue to the period of
7 nonresidence any items of income, gain, loss or deduction, [items of tax
8 preference] or ordinary income portion of a lump sum distribution accru-
9 ing prior to the change of status, with the applicable modifications and
10 adjustments to federal adjusted gross income[,] AND itemized deductions
11 [and items of tax preference] under sections six hundred twelve[,] AND
12 six hundred fifteen [and six hundred twenty-two], other than items
13 derived from or connected with New York sources, if not otherwise prop-
14 erly includible or allowable for New York income tax purposes for such
15 period or for a prior taxable year under his method of accounting.

16 (c) No item of income, gain, loss, deduction, [item of tax prefer-
17 ence,] ordinary income portion of a lump sum distribution or modifica-
18 tion or adjustment which is accrued under this section shall be taken
19 into account in determining the tax under this article for any subse-
20 quent taxable year.

21 S 6. Paragraphs 1, 2, 3 and 4 of subsection (a) of section 651 of the
22 tax law, paragraph 1 as amended by chapter 333 of the laws of 1987,
23 paragraph 2 as amended by chapter 28 of the laws of 1987, and paragraphs
24 3 and 4 as amended by chapter 170 of the laws of 1994, are amended to
25 read as follows:

26 (1) every resident individual (A) required to file a federal income
27 tax return for the taxable year, or (B) having federal adjusted gross
28 income for the taxable year, increased by the modifications under
29 subsection (b) of section six hundred twelve, in excess of four thousand
30 dollars, or in excess of his New York standard deduction, if lower, or
31 (C) [subject to tax under section six hundred two, or (D)] having
32 received during the taxable year a lump sum distribution any portion of
33 which is subject to tax under section six hundred three;

34 (2) every resident estate or trust required to file a federal income
35 tax return for the taxable year, or having any New York taxable income
36 for the taxable year, determined under section six hundred eighteen, [or
37 subject to tax under section six hundred two,] or having received during
38 the taxable year a lump sum distribution any portion of which is subject
39 to tax under section six hundred three;

40 (3) every nonresident or part-year resident individual having New York
41 source income for the taxable year, determined under part III of this
42 article, and having New York adjusted gross income for the taxable year,
43 determined under part II of this article, in excess of the taxpayer's
44 New York standard deduction, [or subject to tax under section six
45 hundred two,] or having received during the taxable year a lump sum
46 distribution any portion of which is subject to tax under section six
47 hundred three; and

48 (4) every nonresident estate or trust or part-year resident trust
49 having New York source income for the taxable year, determined under
50 part III of this article, and having New York adjusted gross income for
51 the taxable year, determined under paragraph four of subsection (e) of
52 section six hundred one, [or subject to tax under section six hundred
53 two,] or having received during the taxable year a lump sum distribution
54 any portion of which is subject to tax under section six hundred three.

1 S 7. Paragraph 6 of subsection (b) of section 654 of the tax law, as
2 added by section 5 of part Q of chapter 407 of the laws of 1999, is
3 amended to read as follows:

4 (6) In subparagraph (B) of paragraph two of subsection (d), the phrase
5 "section 1 or 55" shall be read as "section six hundred one [or six
6 hundred two] of this article".

7 S 8. Section 659 of the tax law, as amended by chapter 577 of the laws
8 of 1997, is amended to read as follows:

9 S 659. Report of federal changes, corrections or disallowances. If
10 the amount of a taxpayer's federal taxable income, [federal items of tax
11 preference,] total taxable amount or ordinary income portion of a lump
12 sum distribution or includible gain of a trust reported on his federal
13 income tax return for any taxable year, or the amount of a taxpayer's
14 earned income credit or credit for employment-related expenses set forth
15 on such return, or the amount of any federal foreign tax credit affect-
16 ing the calculation of the credit for Canadian provincial taxes under
17 section six hundred twenty or six hundred twenty-A of this article, or
18 the amount of any claim of right adjustment, is changed or corrected by
19 the United States internal revenue service or other competent authority
20 or as the result of a renegotiation of a contract or subcontract with
21 the United States, or the amount an employer is required to deduct and
22 withhold from wages for federal income tax withholding purposes is
23 changed or corrected by such service or authority or if a taxpayer's
24 claim for credit or refund of federal income tax is disallowed in whole
25 or in part, the taxpayer or employer shall report such change or
26 correction or disallowance within ninety days after the final determi-
27 nation of such change, correction, renegotiation or disallowance, or as
28 otherwise required by the commissioner, and shall concede the accuracy
29 of such determination or state wherein it is erroneous. The allowance
30 of a tentative carryback adjustment based upon a net operating loss
31 carryback pursuant to section sixty-four hundred eleven of the internal
32 revenue code shall be treated as a final determination for purposes of
33 this section. Any taxpayer filing an amended federal income tax return
34 and any employer filing an amended federal return of income tax withheld
35 shall also file within ninety days thereafter an amended return under
36 this article, and shall give such information as the commissioner may
37 require. The commissioner may by regulation prescribe such exceptions
38 to the requirements of this section as he or she deems appropriate. For
39 purposes of this section, (i) the term "taxpayer" shall include a part-
40 nership having a resident partner or having any income derived from New
41 York sources, and a corporation with respect to which the taxable year
42 of such change, correction, disallowance or amendment is a year with
43 respect to which the election provided for in subsection (a) of section
44 six hundred sixty of this article is in effect, and (ii) the term
45 "federal income tax return" shall include the returns of income required
46 under sections six thousand thirty-one and six thousand thirty-seven of
47 the internal revenue code. In the case of such a corporation, such
48 report shall also include any change or correction of the taxes
49 described in paragraphs two and three of subsection (f) of section thir-
50 teen hundred sixty-six of the internal revenue code. Reports made under
51 this section by a partnership or corporation shall indicate the portion
52 of the change in each item of income, gain, loss or deduction (and, in
53 the case of a corporation, of each change in, or disallowance of a claim
54 for credit or refund of, a tax referred to in the preceding sentence)
55 allocable to each partner or shareholder and shall set forth such iden-

1 tifying information with respect to such partner or shareholder as may
2 be prescribed by the commissioner.

3 S 9. Subsection (d) of section 683 of the tax law, as amended by chap-
4 ter 170 of the laws of 1994, is amended to read as follows:

5 (d) Omission of income, [item of tax preference,] total taxable amount
6 or ordinary income portion of a lump sum distribution on return.--The
7 tax may be assessed at any time within six years after the return was
8 filed if--

9 (1) an individual omits from his New York adjusted gross income, [the
10 sum of his items of tax preference,] or the total taxable amount or
11 ordinary income portion of a lump sum distribution an amount properly
12 includible therein which is in excess of twenty-five percent of the
13 amount of New York adjusted gross income, [the sum of the items of tax
14 preference,] or the total taxable amount or ordinary income portion of a
15 lump sum distribution stated in the return, or

16 (2) an estate or trust omits from its New York adjusted gross income,
17 [the sum of its items of tax preference,] or the total taxable amount or
18 ordinary income portion of a lump sum distribution an amount properly
19 includible therein which is in excess of twenty-five percent of the
20 amount stated in the return of New York adjusted gross income determined
21 in accordance with paragraph four of subsection (e) of section six
22 hundred one, [or the sum of the items of tax preference,] or the total
23 taxable amount or ordinary income portion of a lump sum distribution,
24 respectively. For purposes of this subsection there shall not be taken
25 into account any amount which is omitted in the return if such amount is
26 disclosed in the return, or in a statement attached to the return, in a
27 manner adequate to apprise the commissioner of the nature and amount of
28 the item of income, [tax preference,] total taxable amount or ordinary
29 income portion of a lump sum distribution.

30 S 10. Subparagraph (B) of paragraph 4 of subsection (c) of section 685
31 of the tax law, as amended by chapter 28 of the laws of 1987, is amended
32 to read as follows:

33 (B) Determination of annualized income installment.--In the case of
34 any required installment, the annualized income installment is the
35 excess, if any, of an amount equal to the applicable percentage of the
36 tax for the taxable year computed by placing on an annualized basis the
37 taxable income [and minimum taxable income] for months in the taxable
38 year ending before the due date for the installment, over the aggregate
39 amount of any prior required installments for the taxable year. The
40 applicable percentage of the tax shall be twenty-two and one-half
41 percent in the case of the first installment, forty-five percent in the
42 case of the second installment, sixty-seven and one-half percent in the
43 case of the third installment and ninety percent in the case of the
44 fourth installment, and shall be computed without regard to any increase
45 in the rates applicable to the taxable year unless such increase was
46 enacted at least thirty days prior to the due date of the installment.

47 S 11. Paragraphs 2 and 3 of subsection (a) of section 1301 of the tax
48 law, as amended by chapter 209 of the laws of 2011, are amended to read
49 as follows:

50 (2) [for taxable years beginning before two thousand fifteen, a city
51 minimum income tax on such residents, and

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

1 S 12. Section 1301-A of the tax law is REPEALED.

2 S 13. Subsection (a) of section 1302 of the tax law, as amended by
3 chapter 333 of the laws of 1987, is amended to read as follows:

4 (a) Imposition of tax. The city personal income tax (other than the
5 [city minimum income tax and the] city separate tax on the ordinary
6 income portion of lump sum distributions) imposed pursuant to the
7 authority of this article shall be imposed for each taxable year on the
8 city taxable income of every city resident individual, estate and trust.
9 A taxpayer's taxable year for purposes of a tax imposed pursuant to the
10 authority of this article shall be the same as his taxable year under
11 article twenty-two of this chapter.

12 S 14. The opening paragraph of subsection (a) of section 1304 of the
13 tax law, as amended by section 134 of part A of chapter 389 of the laws
14 of 1997, is amended to read as follows:

15 A tax (other than the [city minimum income tax, the] city separate tax
16 relating to qualified higher education funds and the city separate tax
17 on the ordinary income portion of lump sum distributions) imposed pursu-
18 ant to the authority of section thirteen hundred one of this article
19 shall be determined as follows:

20 S 15. Subsection (c) of section 1307 of the tax law, as amended by
21 chapter 712 of the laws of 2004, is amended to read as follows:

22 (c) When an individual changes his status from city resident to city
23 nonresident, or from city nonresident to city resident, he shall,
24 regardless of his method of accounting, accrue any items of income,
25 gain, loss, deduction[, items of tax preference] or ordinary income
26 portion of a lump sum distribution accruing prior to the change of
27 status, with the applicable modifications and adjustments to federal
28 adjusted gross income[, AND itemized deductions [and items of tax pref-
29 erence] under sections six hundred twelve[, AND six hundred fifteen
30 [and six hundred twenty-two], if not otherwise properly includible or
31 allowable for New York income tax purposes for such period or a prior
32 taxable year under his method of accounting. Such accruals shall be made
33 as provided in section six hundred thirty-nine of this chapter.

34 S 16. Subsection (a) of section 1306 of the tax law, as amended by
35 chapter 333 of the laws of 1987, is amended to read as follows:

36 (a) General. On or before the fifteenth day of the fourth month
37 following the close of a taxable year, an income tax return under a city
38 tax imposed pursuant to the authority of this article shall be made and
39 filed by or for every city resident individual, estate or trust required
40 to file a New York state personal income tax (including [a minimum
41 income tax and] a city separate tax on the ordinary income portion of
42 lump sum distributions) return for the taxable year.

43 S 17. Section 11-1702 of the administrative code of the city of New
44 York is REPEALED.

45 S 18. Subdivision (a) of section 11-1704 of the administrative code of
46 the city of New York, as amended by chapter 17 of the laws of 1997, is
47 amended to read as follows:

48 (a) In addition to the taxes imposed by sections 11-1701[, 11-1702]
49 and 11-1703, there is hereby imposed for each taxable year beginning
50 after nineteen hundred eighty-nine but before nineteen hundred ninety-
51 nine, a tax surcharge on the city taxable income of every city resident
52 individual, estate and trust.

53 S 19. Subdivision (c) of section 11-1704 of the administrative code of
54 the city of New York, as amended by chapter 271 of the laws of 1991, is
55 amended to read as follows:

(c) The tax surcharge imposed pursuant to this section shall be administered, collected and distributed by the commissioner of taxation and finance in the same manner as the taxes imposed pursuant to sections 11-1701[, 11-1702] and 11-1703, and all of the provisions of this chapter, including sections 11-1706, 11-1721 and 11-1773, shall apply to the tax surcharge imposed by this section.

S 20. Section 11-1722 of the administrative code of the city of New York is REPEALED.

S 21. Subdivision (a) of section 11-1751 of the administrative code of the city of New York, as amended by chapter 333 of the laws of 1987, is amended to read as follows:

(a) General. On or before the fifteenth day of the fourth month following the close of a taxable year, an income tax return under this chapter shall be made and filed by or for every city resident individual, estate or trust required to file a New York state personal income tax (including a [minimum income tax and] separate tax on the ordinary income portion of lump sum distributions) return for the taxable year.

S 22. Subdivision (b) of section 11-1754 of the administrative code of the city of New York, as amended by chapter 712 of the laws of 2004, is amended to read as follows:

(b) City taxable income [and city minimum taxable income] as city resident. The city taxable income [and city minimum taxable income] for the portion of the year during which he or she is a city resident shall be determined, except as provided in subdivision (c), as if his or her taxable year for federal income tax purposes were limited to the period of his or her city resident status.

S 23. Paragraph 6 of subdivision (b) of section 11-1755 of the administrative code of the city of New York, as added by section 17 of part Q of chapter 407 of the laws of 1999, is amended to read as follows:

(6) In subparagraph (B) of paragraph two of subsection (d), the phrase "section 1 or 55" shall be read as "section 11-1701 [or 11-1702] of this chapter".

S 24. Section 11-1759 of the administrative code of the city of New York, as amended by chapter 577 of the laws of 1997, is amended to read as follows:

S 11-1759 Report of federal changes, corrections or disallowances. If the amount of a taxpayer's federal taxable income, [federal items of tax preference,] total taxable amount or ordinary income portion of a lump sum distribution or includible gain of a trust reported on his federal income tax return for any taxable year, or the amount of any claim of right adjustment, is changed or corrected by the United States internal revenue service or other competent authority, or as the result of a renegotiation of a contract or subcontract with the United States or the amount an employer is required to deduct and withhold from wages for federal income tax withholding purposes is changed or corrected by such service or authority or if a taxpayer's claim for credit or refund of federal income tax is disallowed in whole or in part, the taxpayer or employer shall report such change or correction or disallowance within ninety days after the final determination of such change, correction, renegotiation, or disallowance, or as otherwise required by the commissioner, and shall concede the accuracy of such determination or state wherein it is erroneous. The allowance of a tentative carryback adjustment based upon a net operating loss carryback pursuant to section sixty-four hundred eleven of the internal revenue code shall be treated as a final determination for purposes of this section. Any taxpayer filing an amended federal income tax return and any employer filing an

1 amended federal return of income tax withheld shall also file within
2 ninety days thereafter an amended return under this chapter, and shall
3 give such information as the commissioner may require. The commissioner
4 may by regulation prescribe such exceptions to the requirements of this
5 section as he or she deems appropriate. For purposes of this section,
6 (i) the term "taxpayer" shall include a partnership having a resident
7 partner or having any income derived from New York sources, and a corpo-
8 ration with respect to which the taxable year of such change,
9 correction, disallowance or amendment is a year with respect to which
10 the election provided for in subsection (a) of section six hundred sixty
11 of the tax law is in effect, and (ii) the term "federal income tax
12 return" shall include the returns of income required under sections six
13 thousand thirty-one and six thousand thirty-seven of the internal reven-
14 ue code. In the case of such a corporation, such report shall also
15 include any change or correction of the taxes described in paragraphs
16 two and three of subsection (f) of section thirteen hundred sixty-six of
17 the internal revenue code. Reports made under this section by a partner-
18 ship or corporation shall indicate the portion of the change in each
19 item of income, gain, loss or deduction (and, in the case of a corpo-
20 ration, of each change in, or disallowance of a claim for credit or
21 refund of, a tax referred to in the preceding sentence) allocable to
22 each partner or shareholder and shall set forth such identifying infor-
23 mation with respect to such partner or shareholder as may be prescribed
24 by the commissioner.

25 S 25. Subdivision (d) of section 11-1783 of the administrative code of
26 the city of New York, as amended by chapter 170 of the laws of 1994, is
27 amended to read as follows:

28 (d) Omission of income, [item of tax preference,] total taxable amount
29 or ordinary income portion of a lump sum distribution on return. The tax
30 may be assessed at any time within six years after the return was filed
31 if:

32 (1) an individual omits from his city adjusted gross income[, the sum
33 of his items of tax preference, or] the total taxable amount or ordinary
34 income portion of a lump sum distribution an amount properly includible
35 therein which is in excess of twenty-five percent of the amount of city
36 adjusted gross income[, the sum of the items of tax preference] or the
37 total taxable amount or ordinary income portion of a lump sum distrib-
38 ution stated in the return, or

39 (2) an estate or trust omits from its city adjusted gross income, [the
40 sum of its items of tax preference,] or the total taxable amount or
41 ordinary income portion of a lump sum distribution an amount properly
42 includible therein which is in excess of twenty-five percent of the
43 amount stated in the return of city adjusted gross income, [or the sum
44 of the items of tax preference,] or the total taxable amount or ordinary
45 income portion of a lump sum distribution, respectively. For purposes of
46 this paragraph, city adjusted gross income means New York adjusted gross
47 income as determined under paragraph four of subsection (e) of section
48 six hundred one of the tax law.

49 For purposes of this subdivision there shall not be taken into account
50 any amount which is omitted in the return if such amount is disclosed in
51 the return, or in a statement attached to the return, in a manner
52 adequate to apprise the commissioner of the nature and amount of the
53 item of income, [tax preference,] the total taxable amount or ordinary
54 income portion of a lump sum distribution.

1 S 26. Subparagraph (B) of paragraph 4 of subdivision (c) of section
2 11-1785 of the administrative code of the city of New York, as amended
3 by chapter 333 of the laws of 1987, is amended to read as follows:

4 (B) Determination of annualized income installment. In the case of any
5 required installment, the annualized income installment is the excess,
6 if any, of an amount equal to the applicable percentage of the tax for
7 the taxable year computed by placing on an annualized basis the taxable
8 income [and minimum taxable income] for months in the taxable year
9 ending before the due date for the installment, over the aggregate
10 amount of any prior required installments for the taxable year. The
11 applicable percentage of the tax shall be twenty-two and one-half
12 percent in the case of the first installment, forty-five percent in the
13 case of the second installment, sixty-seven and one-half percent in the
14 case of the third installment and ninety percent in the case of the
15 fourth installment, and shall be computed without regard to any increase
16 in the rates applicable to the taxable year unless such increase was
17 enacted at least thirty days prior to the due date of the installment.

18 S 27. This act shall take effect immediately and apply to taxable
19 years beginning on or after January 1, 2014.

20 PART K

21 Intentionally Omitted

22 PART L

23 Intentionally Omitted

24 PART M

25 Section 1. Paragraphs 1 and 4 of subsection (vv) of section 606 of the
26 tax law, as added by section 1 of part CC of chapter 59 of the laws of
27 2013, are amended to read as follows:

28 1. An individual taxpayer who meets the eligibility standards in para-
29 graph two of this subsection shall be allowed a credit against the taxes
30 imposed by this article of three hundred fifty dollars per return for
31 tax [years] YEAR two thousand fourteen[, two thousand fifteen, and two
32 thousand sixteen].

33 4. For [each] THE year this credit is allowed, on or before October
34 fifteenth of such year, the commissioner shall determine the taxpayer's
35 eligibility for this credit utilizing the information available to the
36 commissioner on the taxpayer's personal income tax return filed for the
37 taxable year two years prior to the taxable year in which the credit is
38 allowed. For those taxpayers whom the commissioner has determined eligi-
39 ble for this credit, the commissioner shall advance a payment of three
40 hundred fifty dollars. When a taxpayer files his or her return for the
41 taxable year, such taxpayer shall properly reconcile that payment on his
42 or her return.

43 S 2. This act shall take effect immediately.

44 PART N

1 Section 1. Paragraph 1 of subsection (a) of section 651 of the tax
2 law, as amended by chapter 333 of the laws of 1987, is amended to read
3 as follows:

4 (1) every resident individual (A) required to file a federal income
5 tax return for the taxable year, or (B) having federal adjusted gross
6 income for the taxable year, increased by the modifications under
7 subsection (b) of section six hundred twelve OF THIS ARTICLE, in excess
8 of [four thousand dollars, or in excess of] his OR HER New York standard
9 deduction, [if lower,] or (C) subject to tax under section six hundred
10 two OF THIS ARTICLE, or (D) having received during the taxable year a
11 lump sum distribution any portion of which is subject to tax under
12 section six hundred three OF THIS ARTICLE;

13 S 2. This act shall take effect immediately and apply to taxable years
14 beginning on or after January 1, 2014.

15 PART O

16 Section 1. Paragraph 1 of subdivision (a) of section 28 of the tax
17 law, as amended by section 1 of part I of chapter 59 of the laws of
18 2012, is amended to read as follows:

19 (1) A taxpayer which is a qualified commercial production company, or
20 which is a sole proprietor of a qualified commercial production company,
21 and which is subject to tax under article nine-A or twenty-two of this
22 chapter, shall be allowed a credit against such tax, pursuant to the
23 provisions referenced in subdivision (c) of this section, to be computed
24 as provided in this section. Provided, however, to be eligible for such
25 credit, at least seventy-five percent of the production costs (excluding
26 post production costs) paid or incurred directly and predominantly in
27 the actual filming or recording of the qualified commercial must be
28 costs incurred in New York state. The tax credit allowed pursuant to
29 this section shall apply to taxable years beginning before January
30 first, two thousand [fifteen] SEVENTEEN.

31 S 2. Subparagraph (iii) of paragraph 2 of subdivision (a) of section
32 28 of the tax law, as amended by section 2 of part I of chapter 59 of
33 the laws of 2012, is amended to read as follows:

34 (iii) The state annually will disburse three million of the total
35 seven million in tax credits to all eligible production companies who
36 film or record a qualified commercial outside of the metropolitan commu-
37 ter transportation district as defined in section twelve hundred sixty-
38 two of the public authorities law; provided, however, that if, after
39 JULY THIRTY-FIRST the state reviews all applications from eligible
40 production companies who film or record a qualified commercial outside
41 of the metropolitan commuter district for a given year, tax credits
42 remain unallocated under this subparagraph, those credits shall be
43 allotted to the credits set forth in subparagraph (i) of this paragraph
44 for use consistent with the purposes of such subparagraph. The amount of
45 the credit shall be the product (or pro rata share of the product, in
46 the case of a member of a partnership) of five percent of the qualified
47 production costs paid or incurred in the production of a qualified
48 commercial, provided that the qualified production costs paid or
49 incurred are attributable to the use of tangible property or the
50 performance of services within the state in the production of such qual-
51 ified commercial. To be eligible for said credit the total qualified
52 production costs of a qualified production company must be greater than
53 [two] ONE hundred thousand dollars in the aggregate during the calendar

1 year. Such credit will be applied to qualified production costs exceeding [two] ONE hundred thousand dollars in a calendar year.

3 S 3. Paragraph (a) of subdivision 38 of section 210 of the tax law, as amended by section 3 of part I of chapter 59 of the laws of 2012, is amended to read as follows:

6 (a) Allowance of credit. A taxpayer that is eligible pursuant to provisions of section twenty-eight of this chapter shall be allowed a credit to be computed as provided in such section against the tax imposed by this article. The tax credit allowed pursuant to this section shall apply to taxable years beginning before January first, two thousand [fifteen] SEVENTEEN.

12 S 4. Paragraph 1 of subsection (jj) of section 606 of the tax law, as amended by section 4 of part I of chapter 59 of the laws of 2012, is amended to read as follows:

15 (1) Allowance of credit. A taxpayer that is eligible pursuant to the provisions of section twenty-eight of this chapter shall be allowed a credit to be computed as provided in such section against the tax imposed by this article. The tax credit allowed pursuant to this section shall apply to taxable years beginning before January first, two thousand [fifteen] SEVENTEEN.

21 S 5. This act shall take effect immediately.

22 PART P

23 Section 1. Subdivision 4 of section 22 of the public housing law, as amended by section 2 of part J of chapter 59 of the laws of 2012, is amended to read as follows:

26 4. Statewide limitation. The aggregate dollar amount of credit which the commissioner may allocate to eligible low-income buildings under this article shall be [forty-eight] FIFTY-SIX million dollars. The limitation provided by this subdivision applies only to allocation of the aggregate dollar amount of credit by the commissioner, and does not apply to allowance to a taxpayer of the credit with respect to an eligible low-income building for each year of the credit period.

33 S 2. Subdivision 4 of section 22 of the public housing law, as amended by section one of this act, is amended to read as follows:

36 4. Statewide limitation. The aggregate dollar amount of credit which the commissioner may allocate to eligible low-income buildings under this article shall be [fifty-six] SIXTY-FOUR million dollars. The limitation provided by this subdivision applies only to allocation of the aggregate dollar amount of credit by the commissioner, and does not apply to allowance to a taxpayer of the credit with respect to an eligible low-income building for each year of the credit period.

42 S 3. This act shall take effect immediately; provided, however, that section two of this act shall take effect April 1, 2015.

44 PART Q

45 Section 1. This act enacts into law components of legislation which are necessary to implement the provisions relating to brownfields. Each component is wholly contained within a Subpart identified as Subparts A through B. The effective date for each particular provision contained within such Subpart is set forth in the last section of such Part. Any provision in any section contained within a Subpart, including the effective date of the Subpart, which makes a reference to a section "of this act", when used in connection with that particular component, shall

be deemed to mean and refer to the corresponding section of the Subpart in which it is found. Section three of this act sets forth the general effective date of this act.

SUBPART A

Section 1. Subdivision (b) of section 27-1318 of the environmental conservation law, as amended by section 2 of part E of chapter 577 of the laws of 2004, is amended to read as follows:

(b) Within [sixty] ONE HUNDRED EIGHTY days of commencement of the remedial design, the owner of an inactive hazardous waste disposal site, and/or any person responsible for implementing a remedial program at such site, where institutional or engineering controls are employed pursuant to this title, shall execute an environmental easement pursuant to title thirty-six of article seventy-one of this chapter.

S 2. Subdivisions 2 and 7-a of section 27-1405 of the environmental conservation law, subdivision 2 as amended and subdivision 7-a as added by section 2 of part A of chapter 577 of the laws of 2004, are amended and four new subdivisions 14-a, 14-b, 20-a, and 29 are added to read as follows:

2. "Brownfield site" or "site" shall mean any real property[, the redevelopment or reuse of which may be complicated by the presence or potential presence of] WHERE a contaminant OR CONTAMINANTS, DO NOT OVERWHELMINGLY CONSIST OF HISTORICAL FILL, AND EXCEED AT MORE THAN MINIMAL LEVELS THE SOIL CLEANUP OBJECTIVES ESTABLISHED PURSUANT TO SUBDIVISION SIX OF SECTION 27-1415 OF THIS TITLE OR OTHER HEALTH-BASED OR ENVIRONMENTAL STANDARDS PROMULGATED BY THE DEPARTMENT THAT ARE APPLICABLE BASED ON THE REASONABLY ANTICIPATED USE OF THE PROPERTY, AS DETERMINED BY THE APPLICANT, WHICH CONTAMINATION IS DEMONSTRATED BY COMPLETION AND SUBMISSION OF AN ASTM PHASE II ENVIRONMENTAL ASSESSMENT REPORT WITHIN NINETY DAYS OF APPLICATION SUBMISSION, AND, IN ADDITION, IS CHARACTERIZED BY ANY OR ALL OF THE FOLLOWING: (I) A CURRENT LEGACY OF VACANCY OR ABANDONMENT FROM PREVIOUS INDUSTRIAL OR COMMERCIAL ACTIVITY OR TAX DELINQUENCY FOR AT LEAST ONE YEAR PRIOR TO THE DATE OF APPLICATION; OR (II) A CURRENT AND HISTORICAL LEGACY OF SEVERE ECONOMIC OR FUNCTIONAL UNDERUTILIZATION INCLUDING USE OF SUCH SITE AS A HAZARDOUS WASTE OR SOLID WASTE FACILITY; OR (III) IN THE CASE OF A SITE CHARACTERIZED PRIMARILY BY FORMER INDUSTRIAL ACTIVITY, FUNCTIONAL OBSOLESCENCE; OR (IV) THE PROJECTED COST OF THE INVESTIGATION AND REMEDIATION BASED ON THE REASONABLY ANTICIPATED USE OF THE PROPERTY AS DETERMINED BY THE APPLICANT EXCEEDS FIFTY PERCENT OF THE CERTIFIED APPRAISED VALUE OF THE PROPERTY ABSENT CONTAMINATION; OR (V) THE SITE HAS BEEN CERTIFIED BY THE MUNICIPALITY IN WHICH THE SITE IS LOCATED AS MEETING ANY OF THE CONDITIONS SET FORTH IN THIS OPENING PARAGRAPH. [Such term] EXCEPT AS PROVIDED IN PARAGRAPH (F) OF THIS SUBDIVISION, BROWNFIELD SITE OR SITE shall not include real property:

(a) listed in the registry of inactive hazardous waste disposal sites under section 27-1305 of this article at the time of application to this program and given a classification as described in subparagraph one or two of paragraph b of subdivision two of section 27-1305 of this article; [provided, however except until July first, two thousand five, real property listed in the registry of inactive hazardous waste disposal sites under subparagraph two of paragraph b of subdivision two of section 27-1305 of this article prior to the effective date of this article, where such real property is owned by a volunteer shall not be deemed ineligible to participate and further provided that the status of

1 any such site as listed in the registry shall not be altered prior to
2 the issuance of a certificate of completion pursuant to section 27-1419
3 of this title]. THE DEPARTMENT'S ASSESSMENT OF ELIGIBILITY UNDER THIS
4 PARAGRAPH SHALL NOT CONSTITUTE A FINDING CONCERNING LIABILITY WITH
5 RESPECT TO THE PROPERTY;

6 (b) listed on the national priorities list established under authority
7 of 42 U.S.C. section 9605;

8 (c) subject to an enforcement action under title seven or nine of this
9 article, [except] OR PERMITTED AS a treatment, storage or disposal
10 facility [subject to a permit]; provided, that nothing herein contained
11 shall be deemed otherwise to exclude from the scope of the term "brown-
12 field site" a hazardous waste treatment, storage or disposal facility
13 having interim status according to regulations promulgated by the
14 commissioner;

15 (d) subject to an order for cleanup pursuant to article twelve of the
16 navigation law or pursuant to title ten of article seventeen of this
17 chapter except such property shall not be deemed ineligible if it is
18 subject to a stipulation agreement; or

19 (e) subject to any other on-going state or federal environmental
20 enforcement action related to the contamination which is at or emanating
21 from the site subject to the present application.

22 (F) IF A VOLUNTEER SUBMITS A REQUEST FOR PARTICIPATION FOR REAL PROP-
23 ERTY THAT WOULD OTHERWISE BE DEEMED EXCLUDED FROM CLASSIFICATION AS A
24 BROWNFIELD SITE PURSUANT TO PARAGRAPH (A), (C), (D), OR (E) OF THIS
25 SUBDIVISION, SUCH REAL PROPERTY SHALL NOT BE EXCLUDED, REGARDLESS OF THE
26 STATUS OF ANY REMEDIAL PROGRAM AT THE SITE, EVEN IF THE PROPERTY IS IN
27 THE OPERATION, MAINTENANCE AND MONITORING PHASE, PROVIDED THERE IS STILL
28 CONTAMINATION ON THE PROPERTY TO REMEDIATE, AND FURTHER PROVIDED THE
29 VOLUNTEER ENTERS INTO A BROWNFIELD SITE CLEANUP AGREEMENT IN ACCORDANCE
30 WITH SECTION 27-1409 OF THIS TITLE REQUIRING THE VOLUNTEER TO COMPLETE
31 THE REQUIRED REMEDIATION TO IMPLEMENT A REDEVELOPMENT PROJECT. IF A SITE
32 IS ADMITTED INTO THE PROGRAM, THE RELEVANT STATUTES AND REGULATIONS OF
33 THE PROGRAM SHALL SERVE AS THE PRIMARY GUIDANCE TO THE DEPARTMENT FOR
34 THE DEPARTMENT'S OVERSIGHT AND OTHER RESPONSIBILITIES TOWARD THE SITE
35 AND THE SITE'S APPLICANTS. ANY ON-GOING STATE REMEDIAL PROGRAM, ENFORCE-
36 MENT ACTION OR ORDER WITH REGARD TO THE SITE SHALL BE STAYED BY THE
37 BROWNFIELD SITE CLEANUP AGREEMENT, AND SHALL TERMINATE WHEN THE VOLUN-
38 TEER RECEIVES A CERTIFICATE OF COMPLETION PURSUANT TO SECTION 27-1419 OF
39 THIS TITLE, EXCEPT TO THE EXTENT THE ON-GOING STATE REMEDIAL PROGRAM,
40 ENFORCEMENT ACTION OR ORDER IS SEEKING TO REQUIRE AN OWNER OF THE SITE
41 AT THE TIME OF THE DISPOSAL, OR OTHER PERSON RESPONSIBLE ACCORDING TO
42 APPLICABLE PRINCIPLES OF STATUTORY OR COMMON LAW LIABILITY, TO ADDRESS
43 AN IMMINENT AND SUBSTANTIAL THREAT TO PUBLIC HEALTH OR THE ENVIRONMENT
44 OR PAY PENALTIES OR RESPONSE COSTS, IN WHICH CASE THE DEPARTMENT CAN
45 CONTINUE TO SEEK ENFORCEMENT AGAINST THE RESPONSIBLE PARTIES. IN THE
46 EVENT THE BROWNFIELD SITE CLEANUP AGREEMENT IS TERMINATED, OR THE VOLUN-
47 TEER OR SUBSEQUENT SITE OWNER OR OPERATOR FAIL TO COMPLY WITH THE TERMS
48 OF AN ENVIRONMENTAL EASEMENT IF ONE HAS BEEN CREATED PURSUANT TO TITLE
49 THIRTY-SIX OF ARTICLE SEVENTY-ONE OF THIS CHAPTER, ANY STATE REMEDIAL
50 PROGRAM, ENFORCEMENT ACTION OR ORDER MAY RESUME OR BE RECOMMENCED AFTER
51 TIMELY NOTICE TO ALL CONCERNED PARTIES. IF THE PROPERTY IS LISTED IN
52 THE REGISTRY OF INACTIVE HAZARDOUS WASTE DISPOSAL SITES UNDER SECTION
53 27-1305 OF THIS ARTICLE, IT SHALL CEASE TO BE CLASSIFIED IN THE REGISTRY
54 UPON ISSUANCE OF THE CERTIFICATE OF COMPLETION PERTAINING TO THE CURRENT
55 AND FUTURE STATUS OF THE PROPERTY, UNLESS SUCH CERTIFICATE IS REVOKED
56 FOR GOOD CAUSE.

1 7-a. "Contaminant" shall mean hazardous waste, HISTORIC FILL MATERIAL,
2 and/or petroleum as such terms are defined in this section.

3 14-A. "SEVERE ECONOMIC OR FUNCTIONAL UNDERUTILIZATION" SHALL MEAN THE
4 BROWNFIELD SITE AND ANY IMPROVEMENTS: (A) ON WHICH A BUILDING OR BUILD-
5 INGS CONTAINING NO MORE THAN FIFTY PERCENT OF THE PERMISSIBLE FLOOR AREA
6 UNDER APPLICABLE ZONING IS BEING UTILIZED; OR (B) HAS A VALUE OF EQUAL
7 TO OR LESS THAN SEVENTY PERCENT OF THE FLOOR AREA OF THE AVERAGE VALU-
8 ATION OF LAND IN THE COUNTY OR CITY IN WHICH THE LAND IS LOCATED, EXCEPT
9 IN A CITY HAVING A POPULATION OF ONE MILLION OR MORE INHABITANTS WHERE
10 THE AVERAGE VALUATION SHALL BE BASED ON THE COUNTY IN WHICH THE LAND IS
11 LOCATED.

12 14-B. "FUNCTIONAL OBSOLESCENCE" SHALL MEAN THE BROWNFIELD SITE AND ANY
13 IMPROVEMENTS THEREON THAT: (A) CAN NO LONGER BE FUNCTIONALLY OR ECONOM-
14 ICALLY UTILIZED IN THE CAPACITY IN WHICH IT WAS FORMERLY UTILIZED
15 BECAUSE OF: (I) THE CONFIGURATION OF THE BUILDING; OR (II) SUBSTANTIAL
16 STRUCTURAL DEFECTS NOT BROUGHT ABOUT BY DEFERRED MAINTENANCE PRACTICES
17 OR INTENTIONAL CONDUCT; OR (B) THE ENTIRE SITE OR A SIGNIFICANT PORTION
18 THEREOF, WITH OR WITHOUT IMPROVEMENTS IS USED IRREGULARLY OR INTERMIT-
19 TENTLY; OR (C) THE FUNCTIONALITY OF THE EQUIPMENT INSIDE THE BUILDING OR
20 BUILDINGS IS OBSOLETE FOR A MODERN DAY APPLICATION; OR (D) HAS BEEN
21 CERTIFIED BY THE MUNICIPALITY IN WHICH THE SITE IS LOCATED AS UNDERUTI-
22 LIZED PURSUANT TO THE CRITERIA IN THIS SUBDIVISION.

23 20-A. "MINIMALLY CONTAMINATED SITE" SHALL MEAN ANY REAL PROPERTY WHERE
24 A CONTAMINANT IS PRESENT AT LEVELS THAT ONLY MINIMALLY EXCEED THE SOIL
25 CLEANUP OBJECTIVES ESTABLISHED PURSUANT TO SUBDIVISION SIX OF SECTION
26 27-1415 OF THIS TITLE OR OTHER APPLICABLE OR RELEVANT AND APPROPRIATE
27 REQUIREMENTS.

28 29. "HISTORIC FILL MATERIAL" MEANS NON-INDIGENOUS MATERIAL, DEPOSITED
29 OR DISPOSED OF TO RAISE THE TOPOGRAPHIC ELEVATION OF REAL PROPERTY,
30 WHICH MATERIAL MAY HAVE BEEN CONTAMINATED PRIOR TO EMPLACEMENT, WHICH
31 CONTAINS CONTAMINANTS SIGNIFICANTLY ABOVE THE RESTRICTED SOIL CLEANUP
32 OBJECTIVES ESTABLISHED PURSUANT TO SUBDIVISION SIX OF SECTION 27-1415 OF
33 THIS TITLE BASED ON THE REASONABLY ANTICIPATED USE OF THE PROPERTY, AS
34 DETERMINED BY THE APPLICANT, AND IS IN NO WAY CONNECTED WITH THE SUBSE-
35 QUENT OPERATIONS AT THE LOCATION OF THE EMPLACEMENT AND WHICH INCLUDES,
36 WITHOUT LIMITATION, CONSTRUCTION AND DEMOLITION DEBRIS INCLUDING UNCON-
37 TAMINATED SOLID WASTE RESULTING FROM THE CONSTRUCTION, REMODELING,
38 REPAIR AND DEMOLITION OF UTILITIES, STRUCTURES, LAND CLEARING AND ROADS.
39 HISTORIC FILL MATERIAL MAY INCLUDE COAL, COAL ASH, COAL RESIDUE, WOOD
40 ASH, MUNICIPAL SOLID WASTE INCINERATOR ASH, CONSTRUCTION AND DEMOLITION
41 DEBRIS, DREDGED SEDIMENTS, RAILROAD BALLAST, REFUSE, LAND CLEARING
42 DEBRIS, SOIL, SLAG, AND SOLID WASTE. IT MAY ALSO INCLUDE SOLID WASTE
43 RESULTING FROM DREDGE SPOILS, INCINERATOR RESIDUE, DEMOLITION DEBRIS,
44 COAL ASH, FLY ASH, AND NONHAZARDOUS WASTE. HISTORIC FILL MATERIAL DOES
45 NOT INCLUDE ANY MATERIAL WHICH IS CHEMICAL PRODUCTION WASTE OR WASTE
46 FROM PROCESSING OF METAL OR MINERAL ORES, RESIDUES, SLAG OR TAILINGS. IN
47 ADDITION, HISTORIC FILL MATERIAL DOES NOT INCLUDE ANY MATERIAL CONNECTED
48 WITH A MUNICIPAL SOLID WASTE SITE BUILT AFTER NINETEEN HUNDRED
49 SIXTY-TWO.

50 S 3. Subdivision 1 and paragraph (a) of subdivision 8 of section
51 27-1407 of the environmental conservation law, as amended by section 3
52 of part A of chapter 577 of the laws of 2004, are amended to read as
53 follows:

54 1. A person who seeks to participate in this program shall submit a
55 request to the department on a form provided by the department. Such
56 form shall include information to be determined by the department suffi-

cient to allow the department to determine eligibility and the current, intended and reasonably anticipated future land use of the site pursuant to section 27-1415 of this title. ANY SUCH PERSON SHALL SUBMIT AN ASTM PHASE II ENVIRONMENTAL SITE INVESTIGATION REPORT WITH AN APPLICATION OR WITHIN NINETY DAYS OF SUBMISSION OF THE APPLICATION TO DEMONSTRATE THAT THE SITE MEETS THE CONTAMINATION CRITERIA IN THE BROWNFIELD SITE DEFINITION OF THIS TITLE.

(a) the department determines that the request is for real property which does not meet the requirements of a brownfield site as defined in this title, BUT SUCH REJECTION, IN AND BY ITSELF, DOES NOT PROHIBIT THE SITE FROM QUALIFYING FOR THE NY RAPID PROGRAM IN SECTION 27-1437 OF THIS TITLE; or

S 4. Intentionally omitted.

S 5. Subdivision 6 of section 27-1407 of the environmental conservation law, as added by section 1 of part A of chapter 1 of the laws of 2003, is amended to read as follows:

6. The department shall use all best efforts to expeditiously notify the applicant within forty-five days after receiving their request for participation WHETHER THE SITE MEETS THE BROWNFIELD SITE DEFINITION AND that such request is either accepted or rejected. FOR APPLICANTS THAT DO NOT SUBMIT AN ASTM PHASE II ENVIRONMENT SITE INVESTIGATION REPORT WITH THEIR APPLICATION, THE FORTY-FIVE DAY ACCEPTANCE OR REJECTION OF THEIR APPLICATION IS DEFERRED UNTIL THE DATE PROOF OF CONTAMINATION IS RECEIVED, WHICH SHALL BE RECEIVED NO LATER THAN NINETY DAYS AFTER SUBMISSION OF THE APPLICATION. FOR APPLICANTS THAT MEET THE BROWNFIELD SITE DEFINITION CONTAMINATION CRITERIA BUT THE DEPARTMENT DETERMINES HAVE NOT DEMONSTRATED ONE OF THE OTHER BROWNFIELD SITE CHARACTERIZATION CRITERIA, THE APPLICANT IS ENTITLED TO PARTICIPATE IN THE NY RAPID PROGRAM PURSUANT TO SECTION 27-1437 OF THIS TITLE. IF THE APPLICANT CONTENTS THAT A PROPER DEMONSTRATION OF THE CHARACTERIZATION CRITERIA HAS BEEN MADE, BUT THE DEPARTMENT HAS REJECTED THE DEMONSTRATION, THE APPLICANT MAY ELECT TO COMMENCE THE DISPUTE RESOLUTION PROCESS PURSUANT TO SUBDIVISION THREE OF SECTION 27-1409 OF THIS TITLE.

S 6. Subdivision 9 of section 27-1407 of the environmental conservation law is amended by adding a new paragraph (g) to read as follows:

(G) THE PERSON'S PARTICIPATION IN ANY REMEDIAL PROGRAM UNDER THE DEPARTMENT'S OVERSIGHT WAS TERMINATED BY THE DEPARTMENT OR BY A COURT FOR FAILURE TO SUBSTANTIALLY COMPLY WITH AN AGREEMENT OR ORDER WITHIN THE LAST FORTY-TWO MONTHS.

S 7. Subdivisions 2, 3 and 7 of section 27-1409 of the environmental conservation law, as amended by section 4 of part A of chapter 577 of the laws of 2004, are amended to read as follows:

2. One requiring (A) the [applicant] PARTICIPANT to pay for state costs, INCLUDING THE RECOVERY OF STATE COSTS INCURRED BEFORE THE EFFECTIVE DATE OF SUCH AGREEMENT; provided, however, that SUCH COSTS MAY BE BASED ON A REASONABLE FLAT-FEE FOR OVERSIGHT, WHICH SHALL REFLECT THE PROJECTED FUTURE STATE COSTS INCURRED IN NEGOTIATING AND OVERSEEING IMPLEMENTATION OF SUCH AGREEMENT; AND

(B) with respect to a brownfield site which the department has determined constitutes a significant threat to the public health or environment the department may include a provision requiring the applicant to provide a technical assistance grant, as described in subdivision four of section 27-1417 of this title and under the conditions described therein, to an eligible party in accordance with procedures established under such program, with the cost of such a grant incurred by a volunteer serving as an offset against such state costs[. Where the appli-

1 cant is a participant, the department shall include provisions relating
2 to recovery of state costs incurred before the effective date of such
3 agreement];

4 3. One setting forth a process for resolving disputes arising from the
5 DEMONSTRATION OF PROOF SUBMITTED TO QUALIFY FOR THE BROWNFIELD SITE
6 DEFINITION, OR AN evaluation, analysis, and oversight of the implementa-
7 tion of the REPORT OR work plan as described;

8 7. One stating that the [department] STATE shall not consider the
9 applicant an operator of such brownfield site based solely upon
10 execution or implementation of such brownfield site cleanup agreement
11 for purposes of remediation liability;

12 S 8. Intentionally omitted.

13 S 9. Subdivision 2 of section 27-1413 of the environmental conserva-
14 tion law, as amended by section 6 of part A of chapter 577 of the laws
15 of 2004, is amended to read as follows:

16 2. For all [other] sites NOT ELIGIBLE TO PARTICIPATE IN THE NY RAPID
17 PROGRAM PURSUANT TO SECTION 27-1437 OF THIS TITLE, the applicant shall
18 develop and evaluate at least two remedial alternatives, one of which
19 would achieve a Track 1 cleanup. The department shall have the
20 discretion to require the evaluation of additional alternatives at a
21 site that has been determined to pose a significant threat. The appli-
22 cant shall submit the alternatives analysis [as a part of the remedial
23 work plan] to the department for review, approval, modification or
24 rejection.

25 S 10. Subdivision 4 of section 27-1415 of the environmental conserva-
26 tion law, as amended by section 7 of part A of chapter 577 of the laws
27 of 2004, is amended to read as follows:

28 4. Tracks. The commissioner, in consultation with the commissioner of
29 health, shall propose within twelve months and thereafter timely promul-
30 gate regulations which create a multi-track approach for the remediation
31 of contamination, and, commencing on the effective date of such regu-
32 lations, utilize such multi-track approach. Such regulations shall
33 provide that groundwater use in Tracks 2, 3 or 4 can be either
34 restricted or unrestricted. The tracks shall be as follows:

35 Track 1: The remedial program shall achieve a cleanup level that will
36 allow the site to be used for any purpose without restriction and with-
37 out reliance on the long-term employment of institutional or engineering
38 controls, and shall achieve contaminant-specific remedial action objec-
39 tives for soil which conform with those contained in the generic table
40 of contaminant-specific remedial action objectives for unrestricted use
41 developed pursuant to subdivision six of this section. Provided, howev-
42 er, that volunteers whose proposed remedial program [for the remediation
43 of groundwater] (1)(I) may require the long-term employment of institu-
44 tional or engineering controls FOR THE REMEDIATION OF GROUNDWATER after
45 the bulk reduction of groundwater contamination to asymptotic levels has
46 been achieved OR (II) MAY REQUIRE AN INSTITUTIONAL OR ENGINEERING
47 CONTROL FOR MORE THAN FIVE YEARS SOLELY TO ADDRESS SOIL VAPOR INTRUSION
48 FROM THEIR OWN SITE OR LONGER TO ADDRESS OFF-SITE VAPOR ENTERING THE
49 SITE; but (2) whose program would otherwise conform with the require-
50 ments necessary to qualify for Track 1, shall qualify for Track 1.

51 Track 2: The remedial program may include restrictions on the use of
52 the site or reliance on the long-term employment of engineering and/or
53 institutional controls, but shall achieve contaminant-specific remedial
54 action objectives for soil which conform with those contained in one of
55 the generic tables developed pursuant to subdivision six of this section

1 without the use of institutional or engineering controls to reach such
2 objectives.

3 Track 3: The remedial program shall achieve contaminant-specific reme-
4 dial action objectives for soil which conform with the criteria used to
5 develop the generic tables for such objectives developed pursuant to
6 subdivision six of this section but may use site specific data to deter-
7 mine such objectives.

8 Track 4: The remedial program shall achieve a cleanup level that will
9 be protective for the site's current, intended or reasonably anticipated
10 residential, commercial, or industrial use with restrictions and with
11 reliance on the long-term employment of institutional or engineering
12 controls to achieve such level. The regulations shall include a
13 provision requiring that a cleanup level which poses a risk in excee-
14 dence of an excess cancer risk of one in one million for carcinogenic
15 end points and a hazard index of one for non-cancer end points for a
16 specific contaminant at a specific site may be approved by the depart-
17 ment without requiring the use of institutional or engineering controls
18 to eliminate exposure only upon a site specific finding by the commis-
19 sioner, in consultation with the commissioner of health, that such level
20 shall be protective of public health and environment. Such finding shall
21 be included in the draft remedial work plan for the site and fully
22 described in the notice and fact sheet provided for such work plan.

23 S 11. Intentionally omitted.

24 S 12. Paragraph (h) of subdivision 3 of section 27-1417 of the envi-
25 ronmental conservation law is REPEALED, paragraph (i) is relettered
26 paragraph (h) and paragraph (f), as amended by section 8 of part A of
27 chapter 577 of the laws of 2004, is amended to read as follows:

28 (f) Before the department [finalizes] SELECTS a proposed [remedial
29 work plan] REMEDY FROM THE ALTERNATIVES SET FORTH IN THE ALTERNATIVES
30 ANALYSIS AS PRESCRIBED BY SECTION 27-1413 OF THIS TITLE or makes a
31 determination that site conditions meet the requirements of this title
32 without the necessity for remediation pursuant to section 27-1411 of
33 this title, the department, in consultation with the applicant, must
34 notify individuals on the brownfield site contact list. Such notice
35 shall include a fact sheet describing such plan and provide for a
36 forty-five day public comment period. The commissioner shall hold a
37 public meeting if requested by the affected community and the commis-
38 sioner has found that the site constitutes a significant threat to the
39 public health or the environment. Further, the affected community may
40 request a public meeting at sites that do not constitute a significant
41 threat. (1) To the extent that the department has determined that site
42 conditions do not pose a significant threat and the site is being
43 addressed by a volunteer, the notice shall state that the department has
44 determined that no remediation is required for the off-site areas and
45 that the department's determination of a significant threat is subject
46 to this forty-five day comment period. (2) If the [remedial work plan]
47 REMEDY includes a Track 2, Track 3 or Track 4 remedy at a non-signifi-
48 cant threat site, such comment period shall apply both to the approval
49 of the alternatives analysis by the department, IF APPLICABLE, and the
50 proposed remedy selected by the applicant.

51 S 13. Paragraph (a) of subdivision 2 and subdivision 3 of section
52 27-1419 of the environmental conservation law, paragraph (a) of subdivi-
53 sion 2 as added by section 1 of part A of chapter 1 of the laws of 2003
54 and subdivision 3 as amended by chapter 390 of the laws of 2008, are
55 amended to read as follows:

1 (a) a description of the remediation activities completed pursuant to
2 the remedial work plan AND ANY INTERIM REMEDIAL MEASURES for the brown-
3 field site;

4 3. Upon receipt of the final engineering report, the department shall
5 review such report and the data submitted pursuant to the brownfield
6 site cleanup agreement as well as any other relevant information regard-
7 ing the brownfield site. Upon satisfaction of the commissioner that the
8 remediation requirements set forth in this title have been or will be
9 achieved in accordance with the timeframes, if any, established in the
10 remedial work plan, the commissioner shall issue a written certificate
11 of completion[, such]. THE certificate shall include such information as
12 determined by the department of taxation and finance, including but not
13 limited to the brownfield site boundaries included in the final engi-
14 neering report, the date of the brownfield site CLEANUP agreement
15 [pursuant to section 27-1409 of this title,] and the applicable percent-
16 ages available AS OF THE DATE OF THE CERTIFICATE OF COMPLETION for that
17 site for purposes of section twenty-one of the tax law[, with such
18 percentages to be determined as follows with respect to such qualified
19 site] for which the department has issued a notice to the taxpayer after
20 June twenty-third, two thousand eight that its request for participation
21 has been accepted under subdivision six of section 27-1407 of this
22 title[:

23 For the purposes of calculating], THE APPLICABLE PERCENTAGE FOR the
24 site preparation credit component pursuant to paragraph two of subdivi-
25 sion (a) of section twenty-one of the tax law, and the on-site groundwa-
26 ter remediation credit component pursuant to paragraph four of subdivi-
27 sion (a) of section twenty-one of the tax law[, the applicable
28 percentage] shall be based on the level of cleanup achieved pursuant to
29 subdivision four of section 27-1415 of this title and the level of
30 cleanup of soils to contaminant-specific soil cleanup objectives promul-
31 gated pursuant to subdivision six of section 27-1415 of this title, up
32 to a maximum of fifty percent, as follows:

33 (a) soil cleanup for unrestricted use, the protection of groundwater
34 or the protection of ecological resources, the applicable percentage
35 shall be fifty percent;

36 (b) soil cleanup for residential use, the applicable percentage shall
37 be forty percent, except for Track 4 which shall be twenty-eight
38 percent;

39 (c) soil cleanup for commercial use, the applicable percentage shall
40 be thirty-three percent, except for Track 4 which shall be twenty-five
41 percent;

42 (d) soil cleanup for industrial use, the applicable percentage shall
43 be twenty-seven percent, except for Track 4 which shall be twenty-two
44 percent.

45 NOTWITHSTANDING ANY OTHER PROVISION OF LAW TO THE CONTRARY, THE SITE
46 PREPARATION COMPONENT CREDIT AVAILABLE FOR ANY QUALIFIED SITE PURSUANT
47 TO THIS SUBDIVISION SHALL NOT EXCEED FIFTEEN MILLION DOLLARS.

48 S 14. Subdivision 5 of section 27-1419 of the environmental conserva-
49 tion law, as amended by section 9 of part A of chapter 577 of the laws
50 of 2004, is amended to read as follows:

51 5. A certificate of completion issued pursuant to this section may be
52 transferred [to the applicant's successors or assigns upon transfer or
53 sale of the brownfield site] BY THE APPLICANT OR SUBSEQUENT HOLDER OF
54 THE CERTIFICATE OF COMPLETION TO A SUCCESSOR TO A REAL PROPERTY INTER-
55 EST, INCLUDING LEGAL TITLE, EQUITABLE TITLE OR LEASEHOLD, IN ALL OR A
56 PART OF THE BROWNFIELD SITE FOR WHICH THE CERTIFICATE OF COMPLETION WAS

ISSUED. Further, a certificate of completion may be modified or revoked by the commissioner upon a finding that:

(a) Either the applicant, or the applicant's successors or assigns, has failed to comply with the terms and conditions of the brownfield site cleanup agreement;

(b) The applicant made a misrepresentation of a material fact tending to demonstrate that it was qualified as a volunteer;

(c) Either the applicant, or the applicant's successors or assigns, made a misrepresentation of a material fact tending to demonstrate that the cleanup levels identified in the brownfield site cleanup agreement were reached; [or]

(d) THE ENVIRONMENTAL EASEMENT CREATED AND RECORDED PURSUANT TO TITLE THIRTY-SIX OF ARTICLE SEVENTY-ONE OF THIS CHAPTER NO LONGER PROVIDES AN EFFECTIVE OR ENFORCEABLE MEANS OF ENSURING THE PERFORMANCE OF MAINTENANCE, MONITORING OR OPERATING REQUIREMENTS, OR THE RESTRICTIONS ON FUTURE USES, INCLUDING RESTRICTIONS ON DRILLING FOR OR WITHDRAWING GROUNDWATER; OR

(E) There is good cause for such modification or revocation.

S 15. Section 27-1423 of the environmental conservation law is REPEALED.

S 16. Section 27-1429 of the environmental conservation law, as amended by section 13 of part A of chapter 577 of the laws of 2004, is amended to read as follows:

S 27-1429. Permit waivers.

The department[, by and through the commissioner,] shall be EXEMPT, AND SHALL BE authorized to exempt a person from the requirement to obtain any state or local permit or other authorization for any activity needed to implement a program for the investigation and/or remediation of contamination AT OR EMANATING FROM A BROWNFIELD SITE; provided that the activity is conducted in a manner which satisfies all substantive technical requirements applicable to like activity conducted pursuant to a permit.

S 17. Subdivision 1 of section 27-1431 of the environmental conservation law is amended by adding a new paragraph c to read as follows:

C. TO INSPECT FOR COMPLIANCE WITH THE SITE MANAGEMENT PLAN APPROVED BY THE DEPARTMENT, INCLUDING (I) INSPECTION OF THE PERFORMANCE OF MAINTENANCE, MONITORING AND OPERATIONAL ACTIVITIES REQUIRED AS PART OF THE REMEDIAL PROGRAM FOR THE SITE, AND (II) TAKING SAMPLES IN ACCORDANCE WITH PARAGRAPH A OF THIS SUBDIVISION.

S 17-a. Section 27-1435 of the environmental conservation law is REPEALED.

S 18. The environmental conservation law is amended by adding a new section 27-1437 to read as follows:

S 27-1437. NY RAPID PROGRAM.

1. NOTWITHSTANDING THE PROVISIONS OF THIS TITLE OR ANY OTHER PROVISION OF LAW, THE DEPARTMENT SHALL PROMULGATE REGULATIONS TO ESTABLISH THE NEW YORK REMEDIATION ACCELERATED PERFORMANCE INTERIM DESIGN (NY RAPID) PROGRAM THAT WILL OFFER AN EXPEDITED PROCESS AND GRANT A LIABILITY WAIVER TO VOLUNTEERS THAT SUCCESSFULLY REMEDIATE MINIMALLY CONTAMINATED SITES OR A SITE WHERE CONTAMINATION IS OVERWHELMINGLY THE RESULT OF THE USE OR PLACEMENT OF HISTORIC FILL MATERIAL ON OR UNDER THE SITE.

2. VOLUNTEERS MAY APPLY AND BE ACCEPTED FOR ENTRANCE INTO NY RAPID IF THE SITE MEETS THE FOLLOWING REQUIREMENTS:

A. CONTAMINATION IS PRESENT BUT OTHERWISE DOES NOT MEET THE DEFINITIONS APPLICABLE TO SUBDIVISION TWO OF SECTION 27-1405 OF THIS TITLE.

B. THE REDEVELOPMENT OF SUCH SITE IS COMPLICATED BY:

(I) THE PRESENCE OF HISTORIC FILL IS THE OVERWHELMING SOURCE OF CONTAMINATION; OR

(II) LEVELS OF CONTAMINATION THAT ARE AT OR NEAR THE LEVELS ESTABLISHED BY THE APPLICABLE SOIL CLEAN-UP OBJECTIVES PURSUANT TO SUBDIVISION SIX OF SECTION 27-1415 OF THIS TITLE; PROVIDED, HOWEVER, SUCH SITE SHALL NOT INCLUDE REAL PROPERTY WITH LEVELS OF CONTAMINATION FOR A SINGLE OR MULTIPLE CONTAMINATES, THE SOURCES OF SUCH LEVELS ARE FROM HISTORICAL FILL, THAT ARE SIGNIFICANTLY GREATER THAN THE APPLICABLE SOIL CLEAN-UP OBJECTIVES PURSUANT TO SUBDIVISION SIX OF SECTION 27-1415 OF THIS TITLE.

3. SITES THAT HAVE RECEIVED A NOTICE OF COMPLETION FROM THE CITY OF NEW YORK UNDER THE LOCAL BROWNFIELD CLEANUP PROGRAM SHALL BE ELIGIBLE.

4. THE APPLICANT SHALL WAIVE IN WRITING ANY CLAIM FOR TAX CREDITS PURSUANT TO SECTION TWENTY-ONE OF THE TAX LAW ON A FORM PRESCRIBED BY THE DEPARTMENT.

5. THE DEPARTMENT SHALL EXEMPT A VOLUNTEER FROM PROCEDURAL REQUIREMENTS OF THIS TITLE THAT THE DEPARTMENT MAY SPECIFY WHICH ARE OTHERWISE APPLICABLE TO IMPLEMENTATION OF AN INVESTIGATION AND/OR REMEDIATION OF CONTAMINATION, PROVIDED THAT THE ACTIVITY IS CONDUCTED IN A MANNER WHICH SATISFIES ALL SUBSTANTIVE TECHNICAL REQUIREMENTS APPLICABLE TO LIKE ACTIVITY CONDUCTED PURSUANT TO THIS TITLE. THE APPROVED WORK PLAN FOR A BROWNFIELD SITE SHALL INCLUDE THE PROCEDURAL REQUIREMENTS THE DEPARTMENT DETERMINES ARE APPROPRIATE BASED ON SITE SPECIFIC CONSIDERATIONS AND CONSIDERATION OF SECTION 27-1417 OF THIS TITLE.

6. A. UPON RECEIPT OF THE FINAL ENGINEERING REPORT PURSUANT TO SUBDIVISION TWO OF SECTION 27-1419 OF THIS TITLE, THE DEPARTMENT SHALL REVIEW SUCH REPORT AND THE DATA SUBMITTED PURSUANT TO A NY RAPID SITE CLEANUP AGREEMENT AS WELL AS ANY OTHER RELEVANT INFORMATION REGARDING THE NY RAPID SITE. UPON SATISFACTION OF THE COMMISSIONER THAT THE REMEDIATION REQUIREMENTS SET FORTH IN THIS TITLE HAVE BEEN OR WILL BE ACHIEVED IN ACCORDANCE WITH THE TIMEFRAMES, IF ANY, ESTABLISHED IN THE REMEDIAL WORK PLAN, THE COMMISSIONER SHALL ISSUE A WRITTEN CERTIFICATE OF COMPLETION. SUCH CERTIFICATE SHALL INCLUDE, BUT NOT BE LIMITED TO, THE BROWNFIELD SITE BOUNDARIES INCLUDED IN THE FINAL ENGINEERING REPORT.

B. PARAGRAPHS FOUR, FIVE, SIX, SEVEN, AND EIGHT OF SECTIONS 27-1419 AND 27-1421 OF THIS TITLE SHALL APPLY TO CERTIFICATES OF COMPLETION ISSUED TO NY RAPID PROGRAM PARTICIPANTS.

S 19. The opening paragraph of subdivision 10 of section 71-3605 of the environmental conservation law, as added by section 2 of part A of chapter 1 of the laws of 2003, is amended to read as follows:

An environmental easement may be enforced in law or equity by its grantor, by the state, or any affected local government as defined in section 71-3603 of this title. Such easement is enforceable against the owner of the burdened property, any lessees, and any person using the land. Enforcement shall not be defeated because of any subsequent adverse possession, laches, estoppel, REVERSION or waiver. No general law of the state which operates to defeat the enforcement of any interest in real property shall operate to defeat the enforcement of any environmental easement unless such general law expressly states the intent to defeat the enforcement of such easement or provides for the exercise of the power of eminent domain. It is not a defense in any action to enforce an environmental easement that:

S 20. Intentionally omitted.

S 21. Paragraph 3 of subdivision (a) of section 21 of the tax law, as amended by chapter 390 of the laws of 2008, is amended to read as follows:

1 (3) Tangible property credit component. The tangible property credit
2 component shall be equal to the applicable percentage of the cost or
3 other basis for federal income tax purposes of tangible personal proper-
4 ty and other tangible property, including buildings and structural
5 components of buildings, which constitute qualified tangible property;
6 provided[, however,] that in determining the cost or other basis of such
7 property, the taxpayer shall exclude the acquisition cost of any item of
8 property with respect to which a credit under this section was allowable
9 to another taxpayer. The credit component amount so determined shall be
10 allowed for the taxable year in which such qualified tangible property
11 is placed in service; PROVIDED, HOWEVER, THAT SUCH PROPERTY SHALL BE
12 PLACED IN SERVICE DURING THE ONE HUNDRED TWENTY MONTH PERIOD THAT BEGINS
13 WITH THE FIRST DAY OF THE FIRST TAXABLE YEAR IN WHICH QUALIFIED TANGIBLE
14 PROPERTY IS PLACED IN SERVICE on a qualified site [with respect to which
15 a certificate of completion has been issued to the taxpayer for up to
16 ten taxable years after the date of the issuance of such certificate of
17 completion]. The tangible property credit component shall be allowed
18 with respect to property leased to a second party only if such second
19 party is either (i) not a party responsible for the disposal of hazard-
20 ous waste or the discharge of petroleum at the site according to appli-
21 cable principles of statutory or common law liability, or (ii) a party
22 responsible according to applicable principles of statutory or common
23 law liability if such party's liability arises solely from operation of
24 the site subsequent to the disposal of hazardous waste or the discharge
25 of petroleum, and is so certified by the commissioner of environmental
26 conservation at the request of the taxpayer, pursuant to section 27-1419
27 of the environmental conservation law. Notwithstanding any other
28 provision of law to the contrary, in the case of allowance of credit
29 under this section to such a lessor, the commissioner shall have the
30 authority to reveal to such lessor any information, with respect to the
31 issue of qualified use of property by the lessee, which is the basis for
32 the denial in whole or in part, or for the recapture, of the credit
33 claimed by such lessor. For purposes of the tangible property credit
34 component allowed under this section the taxpayer to whom the certif-
35 icate of completion is issued, as provided for under subdivision five of
36 section 27-1419 of the environmental conservation law, may transfer the
37 benefits and burdens of the certificate of completion, which run with
38 the land and to the applicant's successors or assigns upon transfer or
39 sale of all or any portion of an interest or estate in the qualified
40 site. However, the taxpayer to whom certificate's benefits and burdens
41 are transferred shall not include the cost of acquiring all or any
42 portion of an interest or estate in the site and the amounts included in
43 the cost or other basis for federal income tax purposes of qualified
44 tangible property already claimed by the previous taxpayer pursuant to
45 this section.

46 S 22. Subparagraph (A) of paragraph 3-a of subdivision (a) of section
47 21 of the tax law, as added by chapter 390 of the laws of 2008, is
48 amended to read as follows:

49 (A) Notwithstanding any other provision of law to the contrary, the
50 tangible property credit component available for any qualified site
51 pursuant to paragraph three of this subdivision shall not exceed thir-
52 ty-five million dollars or three times the SUM OF THE costs included in
53 the calculation of the site preparation credit component and the on-site
54 groundwater remediation credit component under paragraphs two and four,
55 respectively, of this subdivision, AND THE COSTS THAT WOULD HAVE BEEN
56 INCLUDED IN THE CALCULATION OF SUCH COMPONENTS IF NOT TREATED AS AN

1 EXPENSE AND DEDUCTED PURSUANT TO SECTION ONE HUNDRED NINETY-EIGHT OF THE
2 INTERNAL REVENUE CODE, whichever is less; provided, however, that: (1)
3 in the case of a qualified site to be used primarily for manufacturing
4 activities, the tangible property credit component available for any
5 qualified site pursuant to paragraph three of this subdivision shall not
6 exceed forty-five million dollars or six times the SUM OF THE costs
7 included in the calculation of the site preparation credit component and
8 the on-site groundwater remediation credit component under paragraphs
9 two and four, respectively, of this subdivision, AND THE COSTS THAT
10 WOULD HAVE BEEN INCLUDED IN THE CALCULATION OF SUCH COMPONENTS IF NOT
11 TREATED AS AN EXPENSE AND DEDUCTED PURSUANT TO SECTION ONE HUNDRED NINE-
12 TY-EIGHT OF THE INTERNAL REVENUE CODE, whichever is less; and (2) the
13 provisions of this paragraph shall not apply to any qualified site for
14 which the department of environmental conservation has issued a notice
15 to the taxpayer before June twenty-third, two thousand eight that its
16 request for participation has been accepted under subdivision six of
17 section 27-1407 of the environmental conservation law.

18 S 23. Subparagraph (D) of paragraph 3-a of subdivision (a) of section
19 21 of the tax law, as added by chapter 390 of the laws of 2008, is
20 amended to read as follows:

21 (D) If the qualifying site is located in a brownfield opportunity area
22 and is developed in conformance with the goals and priorities estab-
23 lished for that applicable brownfield opportunity area as designated
24 pursuant to section nine hundred seventy-r of the general municipal law,
25 the applicable percentage of the tangible property credit component will
26 be increased by [two] FOUR percent.

27 S 24. Subdivision 2 of section 355 of the economic development law, as
28 amended by section 4 of part G of chapter 61 of the laws of 2011, is
29 amended to read as follows:

30 2. Excelsior investment tax credit component. A participant in the
31 excelsior jobs program shall be eligible to claim a credit on qualified
32 investments. The credit shall be equal to two percent of the cost or
33 other basis for federal income tax purposes of the qualified investment.
34 A participant may not claim both the excelsior investment tax credit
35 component and the investment tax credit set forth in subdivision twelve
36 of section two hundred ten, subsection (a) of section six hundred six,
37 subsection (i) of section fourteen hundred fifty-six, or subdivision (q)
38 of section fifteen hundred eleven of the tax law for the same property
39 in any taxable year, except that a participant may claim both the
40 excelsior investment tax credit component and the investment tax credit
41 for research and development property. [In addition, a taxpayer who or
42 which is qualified to claim the excelsior investment tax credit compo-
43 nent and is also qualified to claim the brownfield tangible property
44 credit component under section twenty-one of the tax law may claim
45 either the excelsior investment tax credit component or such tangible
46 property credit component, but not both with regard to a particular
47 piece of property.] A credit may not be claimed until a business enter-
48 prise has received a certificate of tax credit, provided that qualified
49 investments made on or after the issuance of the certificate of eligi-
50 bility but before the issuance of the certificate of tax credit to the
51 business enterprise, may be claimed in the first taxable year for which
52 the business enterprise is allowed to claim the credit. Expenses
53 incurred prior to the date the certificate of eligibility is issued are
54 not eligible to be included in the calculation of the credit.

1 S 25. Paragraph 5 of subdivision (a) of section 21 of the tax law, as
2 amended by section 1 of part H of chapter 577 of the laws of 2004, is
3 amended to read as follows:

4 (5) Applicable percentage. For purposes of paragraphs two, three and
5 four of this subdivision, the applicable percentage shall be twelve
6 percent [in the case of credits claimed under article nine, nine-A,
7 thirty-two or thirty-three of this chapter, and ten percent in the case
8 of credits claimed under article twenty-two of this chapter,] except
9 that where at least fifty percent of the area of the qualified site
10 relating to the credit provided for in this section is located in an
11 environmental zone as defined in paragraph six of subdivision (b) of
12 this section, the applicable percentage shall be increased by an addi-
13 tional eight percent. Provided, however, as afforded in section 27-1419
14 of the environmental conservation law, if the certificate of completion
15 indicates that the qualified site has been remediated to Track 1 as that
16 term is described in subdivision four of section 27-1415 of the environ-
17 mental conservation law, the applicable percentage set forth in the
18 first sentence of this paragraph shall be increased by an additional two
19 percent.

20 S 26. Section 22 of the tax law is REPEALED.

21 S 27. Paragraphs 2, 4 and 6 of subdivision (b) of section 21 of the
22 tax law, as amended by section 1 of part H of chapter 577 of the laws of
23 2004, subparagraph (B) and the closing paragraph of paragraph 6 as
24 amended by section 1 of part G of chapter 62 of the laws of 2006, are
25 amended to read as follows:

26 (2) Site preparation costs. The term "site preparation costs" shall
27 mean all amounts properly [chargeable] CHARGED to a capital account, (i)
28 which are paid or incurred in connection with a site's qualification for
29 a certificate of completion, AND WHICH MAY INCLUDE COSTS ATTRIBUTABLE TO
30 ACTIVITIES UNDERTAKEN UNDER THE OVERSIGHT OF THE DEPARTMENT OF HEALTH OR
31 THE DEPARTMENT OF LABOR TO REMEDIATE REGULATED MATERIALS INCLUDING
32 ASBESTOS, LEAD OR POLYCHLORINATED BIPHENYLS IN BUILDINGS WHICH WILL
33 REMAIN ON THE SITE, and (ii) all other site preparation costs paid or
34 incurred in connection with preparing a site for the erection of a
35 building or a component of a building, or otherwise to establish a site
36 as usable for its industrial, commercial (including the commercial
37 development of residential housing), recreational or conservation
38 purposes. Site preparation costs shall include, but not be limited to,
39 the costs of excavation, temporary electric wiring, scaffolding, demoli-
40 tion costs, and the costs of fencing and security facilities. Site prep-
41 aration costs shall not include the cost of acquiring the site and shall
42 not include amounts included in the cost or other basis for federal
43 income tax purposes of qualified tangible property, as described in
44 paragraph three of this subdivision.

45 (4) On-site groundwater remediation costs. The term "on-site groundwa-
46 ter remediation costs" shall mean all amounts properly [chargeable]
47 CHARGED to a capital account, (i) which are paid or incurred in
48 connection with a site's qualification for a certificate of completion,
49 and (ii) include costs which are paid or incurred in connection with the
50 remediation of on-site groundwater contamination and PAID OR incurred to
51 implement a requirement of the remedial work plan or an interim remedial
52 measure work plan for a qualified site which are imposed pursuant to
53 subdivisions two and three of section 27-1411 of the environmental
54 conservation law.

55 (6) Environmental zones (EN-Zones). An "environmental zone" shall mean
56 an area designated as such by the commissioner of [economic development]

LABOR. Such areas so designated are areas which are census tracts and block numbering areas which, as of the [two thousand] MOST RECENT census, satisfy either of the following criteria:

(A) areas that have both:

(i) a poverty rate of at least twenty percent for the year to which the data relate; and

(ii) an unemployment rate of at least one and one-quarter times the statewide unemployment rate for the year to which the data relate, or;

(B) areas that have a poverty rate of at least two times the poverty rate for the county in which the areas are located for the year to which the data relate [provided, however, that a qualified site shall only be

deemed to be located in an environmental zone under this subparagraph (B) if such site was the subject of a brownfield site cleanup agreement pursuant to section 27-1409 of the environmental conservation law that was entered into prior to September first, two thousand ten].

Such designation shall be made and a list of all such environmental zones shall be established by the commissioner of [economic development] LABOR no later than [December thirty-first, two thousand four provided, however, that a qualified site shall only be deemed to be located in an environmental zone under subparagraph (B) of this paragraph if such site was the subject of a brownfield site cleanup agreement pursuant to section 27-1409 of the environmental conservation law that was entered into prior to September first, two thousand ten] NINETY DAYS FOLLOWING THE OFFICIAL PUBLICATION OF THE MOST RECENT CENSUS.

S 28. Subdivision (a) of section 23 of the tax law, as amended by section 10 of part H of chapter 577 of the laws of 2004, is amended to read as follows:

(a) Allowance of credit. General. A taxpayer subject to tax under article nine, nine-A, twenty-two, thirty-two or thirty-three of this chapter shall be allowed a credit against such tax, pursuant to the provisions referenced in subdivision (e) of this section. The amount of such credit shall be equal to the lesser of [thirty] NINETY thousand dollars or fifty percent of the premiums paid on or after the date of the brownfield site cleanup agreement executed by the taxpayer and the department of environmental conservation pursuant to section 27-1409 of the environmental conservation law by the taxpayer for environmental remediation insurance issued with respect to a qualified site.

S 29. Section 171-r of the tax law is amended by adding a new subdivision (e) to read as follows:

(E) THE COMMISSIONER, IN CONSULTATION WITH THE COMMISSIONER OF ENVIRONMENTAL CONSERVATION, SHALL PUBLISH BY JANUARY THIRTY-FIRST, TWO THOUSAND FIFTEEN A SUPPLEMENTAL BROWNFIELD CREDIT REPORT CONTAINING THE INFORMATION REQUIRED BY THIS SECTION ABOUT THE CREDITS CLAIMED FOR THE YEARS TWO THOUSAND FIVE, TWO THOUSAND SIX, AND TWO THOUSAND SEVEN.

S 30. Section 171-s of the tax law is REPEALED.

S 31. Paragraph (d) of subdivision 7 of section 27-1415 of the environmental conservation law, as added by section 1 of part A of chapter 1 of the laws of 2003, is amended to read as follows:

(d) The commissioner shall create, update, and maintain a database system for public information purposes and to monitor and track all brownfield sites subject to this title. Data incorporated into such system for each site for which information has been collected pursuant to this title shall include, but shall not be limited to, a site summary, name of site owner, location, status of site remedial activity, WHETHER THE SITE IS LOCATED IN A BROWNFIELD OPPORTUNITY AREA AS DEFINED IN SECTION NINE HUNDRED SEVENTY-R OF THE GENERAL MUNICIPAL LAW, and, if

1 one has been created pursuant to title thirty-six of article seventy-one
2 of this chapter, a copy of the environmental easement, and a contact
3 number to obtain additional information. Sites shall be added to such
4 system upon the execution of a brownfield site cleanup agreement pursu-
5 ant to section 27-1409 of this title. If and when an environmental ease-
6 ment is modified or extinguished, the copy of the environmental easement
7 contained in the database shall be updated accordingly. Such database
8 shall be in such a format that it can be readily searched by affected
9 local governments and the public for purposes including but not limited
10 to determining whether an environmental easement has been recorded for a
11 site pursuant to title thirty-six of article seventy-one of this chap-
12 ter. The database shall be available electronically. Information from
13 this database shall be incorporated into the geographic information
14 system created and maintained by the department pursuant to section
15 3-0315 of this chapter.

16 S 31-a. Paragraph b of subdivision 2 of section 970-r of the general
17 municipal law, as added by section 1 of part F of chapter 1 of the laws
18 of 2003, is amended to read as follows:

19 b. Activities eligible to receive such assistance shall include, but
20 are not limited to, the assembly and development of basic information
21 about:

22 (1) the borders of the [proposed] brownfield opportunity area;

23 (2) the number and size of brownfield sites;

24 (3) current and anticipated uses of the properties in the [proposed]
25 BROWNFIELD OPPORTUNITY area;

26 (4) current and anticipated future conditions of groundwater in the
27 [proposed] BROWNFIELD OPPORTUNITY area;

28 (5) known data about the environmental conditions of the properties in
29 the [proposed] BROWNFIELD OPPORTUNITY area;

30 (6) ownership of the properties in the [proposed] BROWNFIELD OPPORTU-
31 NITY area AND WHETHER THE OWNERS WOULD LIKE TO PARTICIPATE DIRECTLY IN
32 THE BROWNFIELD OPPORTUNITY PLANNING PROCESS; and

33 (7) preliminary descriptions of possible remediation strategies, reuse
34 opportunities, necessary infrastructure improvements and other public or
35 private measures needed to stimulate investment, promote revitalization,
36 and enhance community health and environmental conditions.

37 S 31-b. Paragraph a of subdivision 3 of section 970-r of the general
38 municipal law, as amended by chapter 390 of the laws of 2008, is amended
39 to read as follows:

40 a. Within the limits of appropriations therefor, the secretary is
41 authorized to provide, on a competitive basis, financial assistance to
42 municipalities, to community based organizations, to community boards,
43 or to municipalities and community based organizations acting in cooper-
44 ation to prepare a nomination for designation of a brownfield opportu-
45 nity area. Such financial assistance shall not exceed ninety percent of
46 the costs of such nomination for any such area. A NOMINATION STUDY MUST
47 INCLUDE SUFFICIENT INFORMATION TO DESIGNATE THE BROWNFIELD OPPORTUNITY
48 AREA DISTRICT. THE CONTENTS OF THE NOMINATION STUDY SHALL BE DEVELOPED
49 BASED ON PRE-NOMINATION STUDY INFORMATION, WHICH SHALL PRINCIPALLY
50 CONSIST OF AN AREA-WIDE ASTM PHASE I ENVIRONMENTAL SITE ASSESSMENT
51 STUDY, OR A PRE-EXISTING AREA-WIDE ASTM PHASE I SITE ASSESSMENT STUDY,
52 DOCUMENTING THE HISTORIC BROWNFIELD USES IN THE DISTRICT. A NOMINATION
53 STUDY IS NOT INTENDED TO BE EQUIVALENT TO OR TO SERVE AS A MASTER PLAN,
54 COMPREHENSIVE PLAN, OR OTHER EQUIVALENT LAND USE STUDY, BUT RATHER IS
55 INTENDED TO BE A BASIC PLAN FOR DESIGNATION OF THE AREA AS A BROWNFIELD
56 OPPORTUNITY DISTRICT BASED ON HISTORIC BROWNFIELD USE INFORMATION AND

1 THE COMMUNITY PARTICIPATION REQUIRED IN THIS SECTION. A MASTER PLAN,
2 COMPREHENSIVE PLAN OR EQUIVALENT LAND USE STUDY MAY BE SEPARATELY DEVEL-
3 OPED UNDER THIS PROGRAM AS AN IMPLEMENTATION STRATEGY FOR THE FINAL
4 BROWNFIELD OPPORTUNITY AREA PLAN. SINCE A NOMINATION STUDY IS NOT EQUIV-
5 ALENT TO A FINAL LAND USE PLAN, THE PREPARATION OF THE NOMINATION STUDY
6 DOES NOT REQUIRE REVIEW UNDER THE STATE ENVIRONMENTAL QUALITY REVIEW ACT
7 PURSUANT TO ARTICLE EIGHT OF THE ENVIRONMENTAL CONSERVATION LAW, AND A
8 BROWNFIELD OPPORTUNITY AREA CAN BE DESIGNATED BASED EXCLUSIVELY ON A
9 NOMINATION STUDY. IN THE EVENT THE MUNICIPALITY AND/OR COMMUNITY BASED
10 ORGANIZATION ELECT TO DEVELOP IMPLEMENTATION STRATEGIES, INCLUDING BUT
11 NOT LIMITED TO A MASTER PLAN, COMPREHENSIVE PLAN OR URBAN RENEWAL PLAN,
12 REVIEW UNDER THE STATE ENVIRONMENTAL QUALITY REVIEW ACT UNDER ARTICLE
13 EIGHT OF THE ENVIRONMENTAL CONSERVATION LAW IS REQUIRED. NO SUCH NOMI-
14 NATION STUDY SHALL SUPERSEDE AN EXISTING MASTER PLAN OR EQUIVALENT LAND
15 USE STUDY.

16 S 31-c. Subdivision 4 of section 970-r of the general municipal law,
17 as amended by chapter 390 of the laws of 2008, is amended to read as
18 follows:

19 4. Designation of brownfield opportunity area. [Upon completion of]
20 A. WITHIN THIRTY-SIX MONTHS OF THE SUBMISSION OF AN APPLICATION FOR
21 STATE ASSISTANCE PURSUANT TO SUBDIVISION THREE OF THIS SECTION, THE
22 APPLICANT SHALL COMPLETE AND SUBMIT a nomination for designation of a
23 brownfield opportunity area[, it]. THE COMPLETED NOMINATION shall be
24 forwarded by the applicant to the secretary, who shall determine whether
25 it is consistent with the provisions of this section. If the secretary
26 determines that the nomination [is consistent] PLAN PROPERLY DESIGNATES
27 THE BROWNFIELD OPPORTUNITY AREA AND HAS COMPLIED with the provisions of
28 this section, the brownfield opportunity area shall be designated AND NO
29 FURTHER STUDIES OR PLANS ARE REQUIRED TO FINALIZE THE DESIGNATION OF THE
30 BROWNFIELD OPPORTUNITY AREA DISTRICT. THE SECRETARY SHALL MAKE A DETER-
31 MINATION OF WHETHER THE NOMINATED PLAN SHOULD BE FINALIZED AND DESIG-
32 NATED WITHIN NINETY DAYS OF RECEIPT OF SUCH NOMINATION. IF THE APPLICANT
33 HAS ELECTED TO PREPARE A FINAL BROWNFIELD OPPORTUNITY PLAN, INCLUDING
34 IMPLEMENTATION STRATEGIES SUCH AS SPECIFIC FUNDING REQUESTS FROM CERTAIN
35 STATE AGENCIES TO ENHANCE DEVELOPMENT OF THE PLAN OR DEVELOPMENT OF MORE
36 FORMAL LAND USE PLANS SUCH AS A MASTER PLAN, COMPREHENSIVE PLAN AND/OR
37 URBAN RENEWAL PLAN, UPON RECEIPT OF ONE OR MORE OF THESE PLANS, THE
38 SECRETARY, IN CONSULTATION WITH ANY OTHER INVOLVED AGENCIES AND/OR OTHER
39 AGENCY FROM WHICH A FUNDING REQUEST HAS BEEN MADE, SHALL REVIEW SUCH
40 PLAN OR PLANS, AND IF REQUIRED, THE ASSOCIATED ENVIRONMENTAL IMPACT
41 REVIEW ANALYSIS PURSUANT TO THE STATE ENVIRONMENTAL QUALITY REVIEW ACT
42 UNDER ARTICLE EIGHT OF THE ENVIRONMENTAL CONSERVATION LAW. If the secre-
43 tary determines that the nomination [is not consistent] PLAN AND/OR THE
44 FINAL BROWNFIELD OPPORTUNITY AREA PLAN DO NOT COMPLY with the provisions
45 of this section, the secretary shall make recommendations in writing to
46 the applicant of the manner and nature in which the nomination PLAN OR
47 THE FINAL BROWNFIELD OPPORTUNITY AREA PLAN should be amended TO BE IN
48 COMPLIANCE. THE APPLICANT SHALL HAVE THIRTY DAYS TO AMEND THE NOMINATION
49 TO BRING THE PLAN INTO COMPLIANCE. IF THE SECRETARY DETERMINES THAT THE
50 AMENDED NOMINATION STILL IS NOT IN COMPLIANCE, THE APPLICANT SHALL BE
51 INELIGIBLE FOR ANY ADDITIONAL STATE ASSISTANCE OFFERED UNDER THIS ARTI-
52 CLE UNTIL SUCH NOMINATION IS DEEMED TO BE IN COMPLIANCE.

53 (B) THE SECRETARY SHALL PROVIDE ASSISTANCE TO APPLICANTS WHO REQUEST
54 ASSISTANCE ON THE CONTENTS OF LAND USE PLANS, BUT MUNICIPAL APPLICANTS
55 HAVE FINAL AUTHORITY ON THE CONTENTS OF LAND USE PLANS PROVIDED SUCH
56 PLANS ARE CONSISTENT WITH THIS SECTION PURSUANT TO SECTION TWO HUNDRED

1 SIXTY-ONE OF THE TOWN LAW, SECTION SEVEN-SEVEN HUNDRED OF THE VILLAGE
2 LAW, SUBDIVISIONS TWENTY-FOUR AND TWENTY-FIVE OF SECTION TWENTY OF THE
3 GENERAL CITY LAW, SECTION TEN OF THE MUNICIPAL HOME RULE LAW AND SECTION
4 TEN OF THE STATUTE OF LOCAL GOVERNMENTS.

5 S 32. Section 31 of part H of chapter 1 of the laws of 2003, amending
6 the tax law relating to brownfield redevelopment tax credits, remediated
7 brownfield credit for real property taxes for qualified sites and envi-
8 ronmental remediation insurance credits, as amended by chapter 474 of
9 the laws of 2012, is amended to read as follows:

10 S 31. The tax credits allowed under section 21, 22 or 23 of the tax
11 law and the corresponding provisions in articles 9, 9-A, 22, 32 and 33
12 of the tax law, as added by the provisions of sections one through twen-
13 ty-nine of this act, shall not be applicable if the [remediation]
14 certificate OF COMPLETION required to qualify for any of such credits is
15 issued after December 31, [2015] 2025.

16 S 33. Intentionally omitted.

17 S 34. Paragraph c of subdivision 3 of section 27-0923 of the environ-
18 mental conservation law, as amended by section 5 of part I of chapter
19 577 of the laws of 2004, is amended to read as follows:

20 c. For the purpose of this section, generation of hazardous waste
21 shall not include retrieval or creation of hazardous waste which must be
22 disposed of under an order of or agreement with the department pursuant
23 to title thirteen or title fourteen of this article or under a contract
24 OR AGREEMENT with the department pursuant to title five of article
25 fifty-six of this chapter OR UNDER AN ORDER OF OR AGREEMENT WITH THE
26 UNITED STATES ENVIRONMENTAL PROTECTION AGENCY OR AN ORDER OF A COURT OF
27 COMPETENT JURISDICTION, RELATED TO A FACILITY ADDRESSED PURSUANT TO THE
28 COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY ACT (42
29 U.S.C. 9601 ET SEQ.) OR UNDER A WRITTEN AGREEMENT WITH A MUNICIPALITY
30 WHICH IS SUBJECT TO A MEMORANDUM OF AGREEMENT WITH THE DEPARTMENT
31 RELATED TO THE REMEDIATION OF BROWNFIELD SITES.

32 S 35. Subparagraphs (i) and (vi) of paragraph d of subdivision 1 of
33 section 72-0402 of the environmental conservation law, as amended by
34 chapter 99 of the laws of 2010, are amended to read as follows:

35 (i) under a contract with the department, or with the department's
36 written approval and in compliance with department regulations, or
37 pursuant to an order of the department, the United States environmental
38 protection agency or a court OF COMPETENT JURISDICTION, related to the
39 cleanup or remediation of a hazardous materials or hazardous waste
40 spill, discharge, or surficial cleanup, pursuant to this chapter; or

41 (vi) under a brownfield site cleanup agreement with the department
42 pursuant to section 27-1409 of this chapter OR UNDER AN AGREEMENT WITH
43 A MUNICIPALITY WHICH IS SUBJECT TO A MEMORANDUM OF AGREEMENT WITH THE
44 DEPARTMENT RELATED TO THE REMEDIATION OF BROWNFIELD SITES; or

45 S 36. Subdivision 1 of section 1285-q of the public authorities law,
46 as added by section 6 of part I of chapter 1 of the laws of 2003, is
47 amended to read as follows:

48 1. Subject to chapter fifty-nine of the laws of two thousand, but
49 notwithstanding any other provisions of law to the contrary, in order to
50 assist the corporation in undertaking the administration and the financ-
51 ing of hazardous waste site remediation projects for payment of the
52 state's share of the costs of the remediation of hazardous waste sites,
53 in accordance with title thirteen of article twenty-seven of the envi-
54 ronmental conservation law and section ninety-seven-b of the state
55 finance law, and for payment of state costs associated with the remedi-
56 ation of offsite contamination at significant threat sites as provided

1 in section 27-1411 of the environmental conservation law, AND FOR ENVI-
2 RONMENTAL RESTORATION PROJECTS PURSUANT TO TITLE FIVE OF ARTICLE FIFTY-
3 SIX OF THE ENVIRONMENTAL CONSERVATION LAW pursuant to capital appropri-
4 ations made to the department of environmental conservation, the
5 director of the division of budget and the corporation are each author-
6 ized to enter into one or more service contracts, none of which shall
7 exceed twenty years in duration, upon such terms and conditions as the
8 director and the corporation may agree, so as to annually provide to the
9 corporation in the aggregate, a sum not to exceed the annual debt
10 service payments and related expenses required for any bonds and notes
11 authorized pursuant to section twelve hundred ninety of this title. Any
12 service contract entered into pursuant to this section shall provide
13 that the obligation of the state to fund or to pay the amounts therein
14 provided for shall not constitute a debt of the state within the meaning
15 of any constitutional or statutory provision and shall be deemed execu-
16 tory only to the extent of moneys available for such purposes, subject
17 to annual appropriation by the legislature. Any such service contract or
18 any payments made or to be made thereunder may be assigned and pledged
19 by the corporation as security for its bonds and notes, as authorized
20 pursuant to section twelve hundred ninety of this title.

21 S 37. Section 56-0501 of the environmental conservation law, as added
22 by chapter 413 of the laws of 1996, is amended to read as follows:
23 S 56-0501. Allocation of moneys.

24 1. Of the moneys received by the state from the sale of bonds pursuant
25 to the Clean Water/Clean Air Bond Act of 1996, two hundred million
26 dollars (\$200,000,000) shall be available for disbursements for environ-
27 mental restoration projects.

28 2. ENVIRONMENTAL RESTORATION PROJECTS MAY BE FUNDED USING THE PROCEEDS
29 OF BONDS ISSUED PURSUANT TO SECTION TWELVE HUNDRED EIGHTY-FIVE-Q OF THE
30 PUBLIC AUTHORITIES LAW.

31 S 38. Subdivision 6 of section 56-0502 of the environmental conserva-
32 tion law, as amended by section 2 of part D of chapter 577 of the laws
33 of 2004, is amended to read as follows:

34 6. "State assistance", for purposes of this title, shall mean in the
35 case of a contract authorized by subdivision one of section 56-0503 of
36 this title, payments made to a municipality to reimburse the municipi-
37 pality for the state share of the costs incurred by the municipality to
38 undertake an environmental restoration project OR IN THE CASE OF AN
39 AGREEMENT AUTHORIZED BY SUBDIVISION THREE OF SECTION 56-0503 OF THIS
40 TITLE, COSTS INCURRED BY THE STATE TO UNDERTAKE AN ENVIRONMENTAL RESTO-
41 RATION PROJECT BUT NOT REIMBURSED BY A MUNICIPALITY.

42 S 39. Paragraph (c) of subdivision 2 of section 56-0503 of the envi-
43 ronmental conservation law, as amended by section 4 of part D of chapter
44 1 of the laws of 2003, is amended and a new subdivision 3 is added to
45 read as follows:

46 (c) A provision that THE MUNICIPALITY SHALL ASSIST IN IDENTIFYING A
47 RESPONSIBLE PARTY BY SEARCHING LOCAL RECORDS, INCLUDING PROPERTY TAX
48 ROLLS, OR DOCUMENT REVIEWS, AND if, in accordance with the required
49 departmental approval of any settlement with a responsible party, any
50 responsible party payments become available to the municipality, before,
51 during or after the completion of an environmental restoration project,
52 which were not included when the state share was calculated pursuant to
53 this section, the state assistance share shall be recalculated, and the
54 municipality shall pay to the state, for deposit into the environmental
55 restoration project account of the hazardous waste remedial fund estab-
56 lished under section ninety-seven-b of the state finance law, the

1 difference between the original state assistance payment and the recal-
2 culated state share. Recalculation of the state share shall be done each
3 time a payment from a responsible party is received by the municipality;

4 3. THE DEPARTMENT MAY UNDERTAKE AN ENVIRONMENTAL RESTORATION PROJECT
5 ON BEHALF OF A MUNICIPALITY UPON REQUEST. IF THE DEPARTMENT UNDERTAKES
6 THE PROJECT ON BEHALF OF THE MUNICIPALITY, THE STATE SHALL ENTER INTO AN
7 AGREEMENT WITH THE MUNICIPALITY AND THE AGREEMENT SHALL REQUIRE THE
8 MUNICIPALITY TO PERIODICALLY PROVIDE ITS SHARE TO THE STATE FOR COSTS
9 INCURRED DURING THE PROGRESS OF SUCH PROJECT. THE MUNICIPALITY'S SHARE
10 SHALL BE THE SAME AS WOULD BE REQUIRED UNDER SUBDIVISION ONE OF THIS
11 SECTION. THE AGREEMENT SHALL INCLUDE ALL PROVISIONS SPECIFIED IN SUBDI-
12 VISION TWO OF THIS SECTION AS APPROPRIATE. FOR PURPOSES OF PROJECTS
13 SUBJECT TO AGREEMENTS UNDER THIS SUBDIVISION, ALL REFERENCES TO
14 CONTRACTS IN THIS TITLE SHALL ALSO APPLY TO AGREEMENTS UNDER THIS SUBDI-
15 VISION AS APPROPRIATE.

16 S 40. Subdivision 4 of section 56-0505 of the environmental conserva-
17 tion law, as amended by section 5 of part D of chapter 1 of the laws of
18 2003, is amended to read as follows:

19 4. After completion of such project, the municipality may use the
20 property for public purposes or may dispose of it. If the municipality
21 shall dispose of such property by sale to a responsible party, such
22 party shall pay to such municipality, in addition to such other consid-
23 eration, an amount of money constituting the amount of state assistance
24 provided [to the municipality] under this title plus accrued interest
25 and transaction costs and the municipality shall deposit that money into
26 the environmental restoration project account of the hazardous waste
27 remedial fund established under section ninety-seven-b of the state
28 finance law.

29 S 41. Subdivisions 3 and 4 of section 56-0508 of the environmental
30 conservation law, as added by section 7 of part D of chapter 1 of the
31 laws of 2003, are amended to read as follows:

32 3. such temporary incidents of ownership by such taxing district shall
33 also qualify it as being the owner of such property [for the purposes of
34 obtaining] TO BE ELIGIBLE FOR funding from the state of New York for
35 such environmental restoration investigation project under this article
36 or for such funding from any source pursuant to any other state, feder-
37 al, or local law, but such incidents of ownership shall not be suffi-
38 cient to qualify it as the owner of such property for the purposes of
39 holding it wholly or partially liable for any damages, past, present, or
40 future from any release of any hazardous material, substance, or contam-
41 inant into the air, ground, or water, unless such release was caused by
42 such taxing district.

43 4. within thirty days of the completion of the environmental restora-
44 tion investigation project and the receipt by the taxing jurisdiction of
45 the final report of such investigation, such taxing jurisdiction shall
46 file such report with the court on notice to the court and all other
47 parties of record, and the stay of the foreclosure shall be lifted
48 (unless lifted earlier by a prior court order), and all incidents of
49 temporary ownership of the taxing jurisdiction that was awarded such
50 taxing district, except any right [to receive funding] for the environ-
51 mental restoration investigation project TO BE FUNDED, shall cease to
52 exist, and nothing in this subdivision shall preclude the taxing juris-
53 diction that conducted the environmental restoration investigation
54 project or the taxing jurisdiction that commenced the foreclosure
55 action, if it is a different taxing jurisdiction than the taxing juris-
56 diction which conducted the investigation, from withdrawing the parcel

1 from foreclosure pursuant to section eleven hundred thirty-eight of the
2 real property tax law.

3 S 42. Subdivision 2 and paragraph (f) of subdivision 3 of section 97-b
4 of the state finance law, as amended by section 4 of part I of chapter 1
5 of the laws of 2003, are amended to read as follows:

6 2. Such fund shall consist of all of the following:

7 (a) moneys appropriated for transfer to the fund's site investigation
8 and construction account; (b) all fines and other sums accumulated in
9 the fund prior to April first, nineteen hundred eighty-eight pursuant to
10 section 71-2725 of the environmental conservation law for deposit in the
11 fund's site investigation and construction account; (c) all moneys
12 collected or received by the department of taxation and finance pursuant
13 to section 27-0923 of the environmental conservation law for deposit in
14 the fund's industry fee transfer account; (d) all moneys paid into the
15 fund pursuant to section 72-0201 of the environmental conservation law
16 which shall be deposited in the fund's industry fee transfer account;
17 (e) all moneys paid into the fund pursuant to section one hundred eight-
18 y-six of the navigation law which shall be deposited in the fund's
19 industry fee transfer account; (f) [all moneys paid into the fund by
20 municipalities for repayment of landfill closure loans made pursuant to
21 title five of article fifty-two of the environmental conservation law
22 for deposit in the fund's site investigation and construction account;
23 (g)] all monies recovered under sections 56-0503, 56-0505 and 56-0507 of
24 the environmental conservation law into the fund's environmental resto-
25 ration project account; [(h) all] (G) fees paid into the fund pursuant
26 to section [72-0403] 72-0402 of the environmental conservation law which
27 shall be deposited in the fund's industry fee transfer account; [(i)]
28 (H) payments received for all state costs incurred in negotiating and
29 overseeing the implementation of brownfield site cleanup agreements
30 pursuant to title fourteen OF ARTICLE TWENTY-SEVEN of the environmental
31 conservation law shall be deposited in the hazardous waste remediation
32 oversight and assistance account; and [(j)] (I) other moneys credited or
33 transferred thereto from any other fund or source for deposit in the
34 fund's site investigation and construction account.

35 (f) to undertake such remedial measures as the department of environ-
36 mental conservation may determine necessary due to environmental condi-
37 tions related to the property subject to an agreement [to provide state
38 assistance] OR CONTRACT under title five of article fifty-six of the
39 environmental conservation law [that were unknown to such department at
40 the time of its approval of such agreement which indicates that condi-
41 tions on such property are not sufficiently protective of human health
42 for its reasonably anticipated uses or due to information received, in
43 whole or in part, after such department's approval of such agreement's
44 final engineering report and certification], which indicates that such
45 agreement's remedial activities are not sufficiently protective of human
46 health for such property's reasonably anticipated uses; and, [respecting
47 the monies in the environmental restoration project account in excess of
48 ten million dollars,] shall provide state assistance under title five of
49 article fifty-six of the environmental conservation law;

50 S 43. Severability. If any clause, sentence, paragraph, subdivision,
51 section or part of this act shall be adjudged by any court of competent
52 jurisdiction to be invalid, such judgment shall not affect, impair or
53 invalidate the remainder thereof, but shall be confined in its operation
54 to the clause, sentence, paragraph, subdivision, section or part thereof
55 directly involved in the controversy in which such judgment shall have
56 been rendered. It is hereby declared to be the intent of the legislature

1 that this act would have been enacted even if such invalid provisions
2 had not been included herein.

3 S 44. This act shall take effect immediately and shall apply to sites
4 that submit an application for acceptance into the brownfield cleanup
5 program on or after July 1, 2014; provided, however, that the department
6 of environmental conservation shall not charge volunteers in the brown-
7 field cleanup program for oversight costs for any sites in the program
8 incurred on or after July 1, 2014; and provided further, however, that
9 section twenty-four of this act shall apply to any site where a certif-
10 icate of completion has been issued on or after June 30, 2008.

11 SUBPART B

12 Section 1. Paragraph (a) of subdivision 2 of section 176 of the navi-
13 gation law, as amended by chapter 584 of the laws of 1992, is amended to
14 read as follows:

15 (a) Upon the occurrence of a discharge of petroleum, the department
16 shall respond promptly and proceed to cleanup and remove the discharge
17 in accordance with environmental priorities or may, at its discretion,
18 direct the discharger to promptly cleanup and remove the discharge. IF
19 A PERSON THE DEPARTMENT DEEMS A DISCHARGER, AND THUS DIRECTS TO CLEANUP
20 AND REMOVE THE DISCHARGE PURSUANT TO THIS SECTION PRESENTS THE DEPART-
21 MENT WITH EVIDENCE THAT A THIRD PARTY IS SOLELY RESPONSIBLE FOR THE
22 DISCHARGE AND REQUESTS THE DEPARTMENT TO DETERMINE WHETHER THE EVIDENCE
23 ESTABLISHES THE THIRD PARTY IS IN FACT SOLELY RESPONSIBLE, THE DEPART-
24 MENT SHALL, WITHIN THIRTY DAYS OF RECEIPT OF SUCH REQUEST, DETERMINE IN
25 WRITING EITHER THAT THE THIRD PARTY: (I) SHALL BE DEEMED A DISCHARGER BY
26 THE DEPARTMENT, AND SHALL BE DIRECTED TO UNDERTAKE THE CLEANUP AND
27 REMOVAL OF THE DISCHARGE; OR (II) WILL NOT BE DEEMED A DISCHARGER BY THE
28 DEPARTMENT BECAUSE THE INFORMATION PRESENTED DOES NOT ESTABLISH THE
29 RESPONSIBILITY OF THE THIRD PARTY BY A PREPONDERANCE OF THE EVIDENCE. IF
30 THE DEPARTMENT DETERMINES THAT THE PERSON THE DEPARTMENT INITIALLY DEEMS
31 A DISCHARGER AND THE THIRD PARTY ARE BOTH DISCHARGERS, THE DEPARTMENT
32 SHALL, WITHIN THIRTY DAYS OF SUCH REQUEST, ADVISE EACH OF THE PARTIES
33 THAT THEY ARE DEEMED DISCHARGERS SUBJECT TO APPORTIONMENT OF LIABILITY
34 FOR THE DISCHARGE PURSUANT TO SUBDIVISIONS ONE AND TWO OF SECTION ONE
35 HUNDRED EIGHTY OF THIS ARTICLE. The department shall be responsible for
36 cleanup and removal or as the case may be, for retaining agents and
37 contractors who shall operate under the direction of that department for
38 such purposes. Implementation of cleanup and removal procedures after
39 each discharge shall be conducted in accordance with environmental
40 priorities and procedures established by the department.

41 S 2. Subdivision 8 of section 176 of the navigation law, as added by
42 chapter 712 of the laws of 1989, is amended and a new subdivision 9 is
43 added to read as follows:

44 8. Notwithstanding any other provision of law to the contrary, includ-
45 ing but not limited to SUBDIVISION (C) OF section 15-108 of the general
46 obligations law, every person providing cleanup, removal of discharge of
47 petroleum or relocation of persons pursuant to this section shall be
48 entitled to contribution from any other responsible party.

49 9. THE FOLLOWING SHALL NOT BE DEEMED A FINAL AGENCY ACTION SUBJECT TO
50 REVIEW PURSUANT TO ARTICLE SEVENTY-EIGHT OF THE CIVIL PRACTICE LAW AND
51 RULES, AND SHALL NOT HAVE A BINDING EFFECT ON ANY PARTY IN PENDING OR
52 FUTURE PROCEEDINGS REGARDING THE DISCHARGE: (A) A DETERMINATION OR
53 ACTION OF THE DEPARTMENT PURSUANT TO SUBDIVISION ONE, TWO, OR THREE OF
54 THIS SECTION, INCLUDING BUT NOT LIMITED TO, A DETERMINATION OF THE

1 REASONABLENESS OF ANY COSTS INCURRED; (B) A DETERMINATION OR ACTION OF
2 THE ADMINISTRATOR PURSUANT TO SECTION ONE HUNDRED EIGHTY, ONE HUNDRED
3 EIGHTY-ONE-A, OR ONE HUNDRED EIGHTY-THREE OF THIS ARTICLE, INCLUDING THE
4 FILING OF AN ENVIRONMENTAL LIEN.

5 S 3. Subdivisions 1 and 2 of section 180 of the navigation law, subdi-
6 vision 1 as added by chapter 845 of the laws of 1977 and subdivision 2
7 as amended by chapter 672 of the laws of 1991, are amended to read as
8 follows:

9 1. To represent the state in meetings with the alleged discharger OR
10 DISCHARGERS and claimants concerning liability for the discharge and
11 amount of the claims, AND, IF THERE IS MORE THAN ONE DISCHARGER IN A
12 MEETING, TO APPORTION LIABILITY FOR THE DISCHARGE;

13 2. To determine if hearings are needed to settle particular claims
14 filed by injured persons AND TO APPORTION LIABILITY BETWEEN AND AMONG
15 DISCHARGERS;

16 S 4. Subdivision 1 of section 181 of the navigation law, as amended by
17 chapter 712 of the laws of 1989, is amended and a new subdivision 7 is
18 added to read as follows:

19 1. (A) Any person who has discharged petroleum shall be strictly
20 liable, without regard to fault, for all cleanup and removal costs and
21 all direct and indirect damages, no matter by whom sustained, as defined
22 in this section, UNLESS THE LIABILITY LIMITATION AS DESCRIBED UNDER
23 PARAGRAPH (B) OF THIS SUBDIVISION APPLIES. In addition to cleanup and
24 removal costs and damages, any such person who is notified of such
25 release and who did not undertake relocation of persons residing in the
26 area of the discharge in accordance with paragraph (c) of subdivision
27 seven of section one hundred seventy-six of this article, shall be
28 liable to the fund for an amount equal to two times the actual and
29 necessary expense incurred by the fund for such relocation pursuant to
30 section one hundred seventy-seven-a of this article.

31 (B) (I) ANY PERSON WHO AGREES TO REMEDIATE THE DISCHARGE TO THE SATIS-
32 FACTION OF THE DEPARTMENT, AND IN CONFORMANCE WITH THIS ARTICLE, SHALL
33 BE ENTITLED TO RECEIVE LIABILITY LIMITATION. SUCH AGREEMENT SHALL BE
34 CALLED THE LIABILITY LIMITATION AGREEMENT AND SHALL BE WRITTEN AND
35 EXECUTED BY BOTH THE DEPARTMENT AND SUCH PERSON. AFTER EXECUTION OF THE
36 LIABILITY LIMITATION AGREEMENT, SUCH PERSON SHALL NOT BE LIABLE TO THE
37 STATE UPON ANY STATUTORY OR COMMON LAW CAUSE OF ACTION, ARISING OUT OF
38 THE PRESENCE OF ANY CONTAMINATION IN, ON, OR EMANATING FROM THE SITE
39 THAT WAS THE SUBJECT OF THE LIABILITY LIMITATION, EXCEPT THAT SUCH
40 PERSON SHALL NOT RECEIVE A RELEASE FOR NATURAL RESOURCE DAMAGES THAT MAY
41 BE AVAILABLE UNDER LAW. THE LIABILITY LIMITATION SHALL APPLY TO ALL
42 SUCCESSORS IN OWNERSHIP OF THE PROPERTY AND TO ALL PERSONS WHO LEASE THE
43 PROPERTY OR WHO ENGAGE IN OPERATIONS ON THE PROPERTY, PROVIDED THAT SUCH
44 PERSONS ACT WITH DUE CARE AND IN GOOD FAITH TO ADHERE TO THE REQUIRE-
45 MENTS OF THE LIABILITY LIMITATION AGREEMENT.

46 (II) A LIABILITY LIMITATION AGREEMENT AND THE PROTECTIONS IT AFFORDS
47 SHALL NOT APPLY TO ANY DISCHARGE THAT OCCURS SUBSEQUENT TO THE EXECUTION
48 OF THE LIABILITY LIMITATION AGREEMENT, NOR SHALL A LIABILITY LIMITATION
49 AGREEMENT AND THE PROTECTIONS IT AFFORDS RELIEVE ANY PERSON OF THE OBLI-
50 GATIONS TO COMPLY IN THE FUTURE WITH LAWS AND REGULATIONS. THE STATE
51 NONETHELESS SHALL RESERVE ALL OF ITS RIGHTS CONCERNING, AND SUCH LIABIL-
52 ITY LIMITATION SHALL NOT EXTEND TO, ANY FURTHER INVESTIGATION AND/OR
53 REMEDIATION THE DEPARTMENT DEEMS NECESSARY DUE TO FRAUD, NONCOMPLIANCE
54 WITH THE TERMS THAT FORMED THE LIABILITY LIMITATION AGREEMENT, OR A
55 WRITTEN FINDING BY THE DEPARTMENT THAT A CHANGE IN AN ENVIRONMENTAL
56 STANDARD, FACTOR, OR CRITERION UPON WHICH THE LIABILITY LIMITATION

1 AGREEMENT WAS BASED WOULD RENDER REMEDIATION ACTIVITIES NO LONGER
2 PROTECTIVE OF PUBLIC HEALTH OR THE ENVIRONMENT. NOTHING IN THIS SECTION
3 SHALL AFFECT THE LIABILITY OF THE PERSON RESPONSIBLE FOR SUCH PERSON'S
4 OWN ACTS OR OMISSIONS CAUSING WRONGFUL DEATH OR PERSONAL INJURY. NOTHING
5 IN THIS SECTION SHALL AFFECT THE LIABILITY OF ANY PERSON WITH RESPECT TO
6 ANY CIVIL ACTION BROUGHT BY A PARTY OTHER THAN THE STATE. THE PROVISIONS
7 OF THIS SECTION SHALL NOT AFFECT AN ACTION OR A CLAIM, INCLUDING A STAT-
8 UTORY OR COMMON LAW CLAIM FOR CONTRIBUTION OR INDEMNIFICATION, THAT SUCH
9 PERSON HAS OR MAY HAVE AGAINST A THIRD PARTY.

10 7. NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION, A PUBLIC
11 CORPORATION SHALL NOT BE LIABLE FOR THE DISCHARGE OF PETROLEUM AT A SITE
12 IF SUCH PUBLIC CORPORATION ACQUIRED SUCH SITE INVOLUNTARILY, AND SUCH
13 PUBLIC CORPORATION RETAINED SUCH SITE WITHOUT PARTICIPATING IN THE
14 DEVELOPMENT OF SUCH SITE. THIS EXEMPTION SHALL NOT APPLY TO ANY PUBLIC
15 CORPORATION THAT HAS (A) CAUSED OR CONTRIBUTED TO THE DISCHARGE OF
16 PETROLEUM FROM OR AT THE SITE, (B) PURCHASED, SOLD, REFINED, TRANS-
17 PORTED, OR DISCHARGED PETROLEUM FROM OR AT SUCH SITE, OR (C) CAUSED THE
18 PURCHASE, SALE, REFINEMENT, TRANSPORTATION, OR DISCHARGE OF PETROLEUM
19 FROM OR AT SUCH SITE. THE TERMS "PARTICIPATION IN DEVELOPMENT," "PUBLIC
20 CORPORATION" AND "INVOLUNTARY ACQUISITION OF OWNERSHIP OR CONTROL" SHALL
21 HAVE THE SAME MEANING AS THOSE TERMS ARE DEFINED IN PARAGRAPHS (C), (D)
22 AND (E) OF SUBDIVISION TWO OF SECTION 27-1323 OF THE ENVIRONMENTAL
23 CONSERVATION LAW. HOWEVER, "PARTICIPATION IN DEVELOPMENT" SHALL NOT
24 INCLUDE IMPROVEMENTS WHICH ARE PART OF A CLEANUP AND REMOVAL OF A
25 DISCHARGE OF PETROLEUM PURSUANT TO THIS ARTICLE.

26 S 5. Section 183 of the navigation law, as added by chapter 845 of the
27 laws of 1977, is amended to read as follows:

28 S 183. Settlements. The administrator shall attempt to promote and
29 arrange a settlement between the claimant and the person OR PERSONS
30 responsible for the discharge. If the source of the discharge can be
31 determined and liability is conceded, the claimant and the alleged
32 discharger OR DISCHARGERS may agree to a settlement which shall be final
33 and binding upon the parties and which will waive all recourse against
34 the fund. TO THE EXTENT AN ALLEGED DISCHARGER PRESENTS EVIDENCE TO THE
35 ADMINISTRATOR THAT ANOTHER PARTY IS WHOLLY OR PARTIALLY RESPONSIBLE FOR
36 THE CLAIM, AND REQUESTS THE ADMINISTRATOR TO CONSIDER WHETHER SUCH
37 INFORMATION PRESENTED ESTABLISHES BY A PREPONDERANCE OF THE EVIDENCE
38 THAT THE THIRD PARTY IS IN FACT WHOLLY OR PARTIALLY RESPONSIBLE, THE
39 ADMINISTRATOR WITHIN THIRTY DAYS OF RECEIPT OF SUCH REQUEST SHALL EITHER
40 DETERMINE: (1) IN WRITING, IF THE THIRD PARTY SHALL BE DEEMED AN ADDI-
41 TIONAL DISCHARGER TO ANY PENDING OR ANTICIPATED CLAIM OR (2) IF AN
42 ADMINISTRATIVE HEARING AS TO LIABILITY IS NECESSARY.

43 S 6. This act shall take effect immediately.

44 S 2. Severability clause. If any clause, sentence, paragraph, subdivi-
45 sion, section or part of this act shall be adjudged by a court of compe-
46 tent jurisdiction to be invalid, such judgment shall not affect, impair
47 or invalidate the remainder thereof, but shall be confined in its opera-
48 tion to the clause, sentence, paragraph, subdivision, section or part
49 thereof directly involved in the controversy in which such judgment
50 shall have been rendered. It is hereby declared to be the intent of the
51 legislature that this act would have been enacted even if such invalid
52 provisions had not been included herein.

53 S 3. This act shall take effect immediately provided, however, that
54 the applicable effective date of Subparts A through B of this act shall
55 be as specifically set forth in the last section of such Subparts.

1

PART R

2 Section 1. Section 210 of the tax law is amended by adding a new
3 subdivision 49 to read as follows:

4 49. REAL PROPERTY TAX CREDIT FOR MANUFACTURERS. (A) A QUALIFIED NEW
5 YORK MANUFACTURER AS DEFINED IN SUBPARAGRAPH (VI) OF PARAGRAPH (A) OF
6 SUBDIVISION ONE OF THIS SECTION WILL BE ALLOWED A CREDIT EQUAL TO TWENTY
7 PERCENT OF THE REAL PROPERTY TAX IT PAID DURING THE TAXABLE YEAR FOR
8 REAL PROPERTY OWNED BY SUCH MANUFACTURER IN NEW YORK WHICH WAS PRINCIPALLY
9 USED DURING THE TAXABLE YEAR FOR MANUFACTURING TO THE EXTENT NOT
10 DEDUCTED IN DETERMINING ENTIRE NET INCOME. THIS CREDIT WILL NOT BE
11 ALLOWED IF THE REAL PROPERTY TAXES THAT ARE THE BASIS FOR THIS CREDIT
12 ARE INCLUDED IN THE CALCULATION OF ANOTHER CREDIT CLAIMED BY THE TAXPAYER.
13 ER.

14 (B) (1) FOR PURPOSES OF THIS SUBDIVISION, THE TERM REAL PROPERTY TAX
15 MEANS A CHARGE IMPOSED UPON REAL PROPERTY BY OR ON BEHALF OF A COUNTY,
16 CITY, TOWN, VILLAGE OR SCHOOL DISTRICT FOR MUNICIPAL OR SCHOOL DISTRICT
17 PURPOSES, PROVIDED THAT THE CHARGE IS LEVIED FOR THE GENERAL PUBLIC
18 WELFARE BY THE PROPER TAXING AUTHORITIES AT A LIKE RATE AGAINST ALL
19 PROPERTY OVER WHICH SUCH AUTHORITIES HAVE JURISDICTION, AND PROVIDED
20 THAT WHERE TAXES ARE LEVIED PURSUANT TO ARTICLE EIGHTEEN OR NINETEEN OF
21 THE REAL PROPERTY TAX LAW, THE PROPERTY MUST HAVE BEEN TAXED AT THE RATE
22 DETERMINED FOR THE CLASS IN WHICH IT IS CONTAINED, AS PROVIDED BY SUCH
23 ARTICLE EIGHTEEN OR NINETEEN, WHICHEVER IS APPLICABLE. THE TERM REAL
24 PROPERTY TAX DOES NOT INCLUDE A CHARGE FOR LOCAL BENEFITS, INCLUDING ANY
25 PORTION OF THAT CHARGE THAT IS PROPERLY ALLOCATED TO THE COSTS ATTRIBUT-
26 ABLE TO MAINTENANCE OR INTEREST, WHEN (I) THE PROPERTY SUBJECT TO THE
27 CHARGE IS LIMITED TO THE PROPERTY THAT BENEFITS FROM THE CHARGE, OR (II)
28 THE AMOUNT OF THE CHARGE IS DETERMINED BY THE BENEFIT TO THE PROPERTY
29 ASSESSED, OR (III) THE IMPROVEMENT FOR WHICH THE CHARGE IS ASSESSED
30 TENDS TO INCREASE THE PROPERTY VALUE.

31 (2) IN ADDITION, THE TERM REAL PROPERTY TAX INCLUDES TAXES PAID BY THE
32 TAXPAYER UPON REAL PROPERTY PRINCIPALLY USED DURING THE TAXABLE YEAR BY
33 THE TAXPAYER IN MANUFACTURING WHERE THE TAXPAYER LEASES SUCH REAL PROP-
34 erty FROM AN UNRELATED THIRD PARTY IF THE FOLLOWING CONDITIONS ARE
35 SATISFIED: (I) THE TAX MUST BE PAID BY THE TAXPAYER AS LESSEE PURSUANT
36 TO EXPLICIT REQUIREMENTS IN A WRITTEN LEASE, AND (II) THE TAXPAYER AS
37 LESSEE HAS PAID SUCH TAXES DIRECTLY TO THE TAXING AUTHORITY AND HAS
38 RECEIVED A WRITTEN RECEIPT FOR PAYMENT OF TAXES FROM THE TAXING AUTHORI-
39 TY. IN THE CASE OF A COMBINED GROUP THAT CONSTITUTES A QUALIFIED NEW
40 YORK MANUFACTURER, THE CONDITIONS IN THE PRECEDING SENTENCE ARE SATIS-
41 FIED IF ONE CORPORATION IN THE COMBINED GROUP IS THE LESSEE AND ANOTHER
42 CORPORATION IN THE COMBINED GROUP MAKES THE PAYMENTS TO THE TAXING
43 AUTHORITY.

44 (3) THE TERM REAL PROPERTY TAX DOES NOT INCLUDE A PAYMENT MADE BY THE
45 TAXPAYER IN CONNECTION WITH AN AGREEMENT FOR THE PAYMENT IN LIEU OF
46 TAXES ON REAL PROPERTY AS DEFINED IN SUBDIVISION SEVENTEEN OF SECTION
47 EIGHT HUNDRED FIFTY-FOUR OF THE GENERAL MUNICIPAL LAW, WHETHER SUCH
48 PROPERTY IS OWNED OR LEASED BY THE TAXPAYER, UNLESS THE PAYMENT IN LIEU
49 OF TAXES WAS MADE PURSUANT TO A PAYMENT IN LIEU OF TAX AGREEMENT THAT
50 WAS ENTERED INTO IN CONJUNCTION WITH THE SETTLEMENT OF A TAX CERTIORARI
51 PROCEEDING COMMENCED PURSUANT TO ARTICLE SEVEN OF THE REAL PROPERTY TAX
52 LAW.

53 (4) THE REAL PROPERTY TAXES MUST BE PAID BY THE TAXPAYER IN THE YEAR
54 SUCH TAXES BECOME A LIEN ON THE REAL PROPERTY.

(C) CREDIT RECAPTURE. WHERE A QUALIFIED NEW YORK MANUFACTURER'S REAL PROPERTY TAXES WHICH WERE THE BASIS FOR THE ALLOWANCE OF THE CREDIT PROVIDED FOR UNDER THIS SUBDIVISION ARE SUBSEQUENTLY REDUCED AS A RESULT OF A FINAL ORDER IN ANY PROCEEDING UNDER ARTICLE SEVEN OF THE REAL PROPERTY TAX LAW OR OTHER PROVISION OF LAW, THE TAXPAYER SHALL ADD BACK, IN THE TAXABLE YEAR IN WHICH SUCH FINAL ORDER IS ISSUED, THE EXCESS OF (1) THE AMOUNT OF CREDIT ORIGINALLY ALLOWED FOR A TAXABLE YEAR OVER (2) THE AMOUNT OF CREDIT DETERMINED BASED UPON THE REDUCED REAL PROPERTY TAXES. IF SUCH FINAL ORDER REDUCES REAL PROPERTY TAXES FOR MORE THAN ONE YEAR, THE TAXPAYER MUST DETERMINE HOW MUCH OF SUCH REDUCTION IS ATTRIBUTABLE TO EACH YEAR COVERED BY SUCH FINAL ORDER AND CALCULATE THE AMOUNT OF CREDIT WHICH IS REQUIRED BY THIS SUBDIVISION TO BE RECAPTURED FOR EACH YEAR BASED ON SUCH REDUCTION.

(D) THE CREDIT ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR SHALL NOT REDUCE THE TAX DUE FOR SUCH YEAR TO LESS THAN THE AMOUNT PRESCRIBED IN PARAGRAPH (D) OF SUBDIVISION ONE OF THIS SECTION. HOWEVER, ANY AMOUNT OF CREDIT NOT DEDUCTIBLE IN SUCH TAXABLE YEAR SHALL BE TREATED AS AN OVERPAYMENT OF TAX TO BE CREDITED OR REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF SECTION ONE THOUSAND EIGHTY-SIX OF THIS CHAPTER. PROVIDED, HOWEVER, THE PROVISIONS OF SUBSECTION (C) OF SECTION ONE THOUSAND EIGHTY-EIGHT OF THIS CHAPTER NOTWITHSTANDING, NO INTEREST SHALL BE PAID THEREON.

S 2. Paragraph (b) of subdivision 9 of section 208 of the tax law is amended by adding a new subparagraph 21 to read as follows:

(21) THE AMOUNT OF ANY FEDERAL DEDUCTION FOR REAL PROPERTY TAXES TO THE EXTENT SUCH TAXES ARE USED AS THE BASIS OF THE CALCULATION OF THE REAL PROPERTY TAX CREDIT FOR MANUFACTURERS ALLOWED UNDER SUBDIVISION FORTY-NINE OF SECTION TWO HUNDRED TEN OF THIS ARTICLE.

S 3. Subparagraph (B) of paragraph 1 of subsection (i) of section 606 of the tax law is amended by adding a new clause (xxxviii) to read as follows:

32	(XXXVIII) REAL PROPERTY TAX	AMOUNT OF CREDIT UNDER
33	CREDIT FOR MANUFACTURERS UNDER	SUBDIVISION FORTY-NINE OF
34	SUBSECTION (YY)	SECTION TWO HUNDRED TEN

S 4. Subsections (yy) and (zz) of section 606 of the tax law, as relettered by section 5 of part H of chapter 1 of the laws of 2003, are relettered subsections (yyy) and (zzz) and a new subsection (yy) is added to read as follows:

(YY) REAL PROPERTY TAX CREDIT FOR MANUFACTURERS. (1) A QUALIFIED NEW YORK MANUFACTURER WILL BE ALLOWED A CREDIT EQUAL TO TWENTY PERCENT OF THE REAL PROPERTY TAX IT PAID DURING THE TAXABLE YEAR FOR REAL PROPERTY OWNED BY SUCH MANUFACTURER IN NEW YORK WHICH WAS PRINCIPALLY USED DURING THE TAXABLE YEAR FOR MANUFACTURING TO THE EXTENT NOT DEDUCTED IN COMPUTING FEDERAL ADJUSTED GROSS INCOME. 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.

(2)(A) THE TERM QUALIFIED NEW YORK MANUFACTURER HAS THE SAME MEANING AS UNDER SUBPARAGRAPH (VI) OF PARAGRAPH (A) OF SUBDIVISION ONE OF SECTION TWO HUNDRED TEN OF THIS CHAPTER.

(B) (I) THE TERM REAL PROPERTY TAX MEANS A CHARGE IMPOSED UPON REAL PROPERTY BY OR ON BEHALF OF A COUNTY, CITY, TOWN, VILLAGE OR SCHOOL DISTRICT FOR MUNICIPAL OR SCHOOL DISTRICT PURPOSES, PROVIDED THAT THE CHARGE IS LEVIED FOR THE GENERAL PUBLIC WELFARE BY THE PROPER TAXING AUTHORITIES AT A LIKE RATE AGAINST ALL PROPERTY OVER WHICH SUCH AUTHORI-

1 TIES HAVE JURISDICTION, AND PROVIDED THAT WHERE TAXES ARE LEVIED PURSU-
2 ANT TO ARTICLE EIGHTEEN OR NINETEEN OF THE REAL PROPERTY TAX LAW, THE
3 PROPERTY MUST HAVE BEEN TAXED AT THE RATE DETERMINED FOR THE CLASS IN
4 WHICH IT IS CONTAINED, AS PROVIDED BY SUCH ARTICLE EIGHTEEN OR NINETEEN,
5 WHICHEVER IS APPLICABLE. THE TERM REAL PROPERTY TAX DOES NOT INCLUDE A
6 CHARGE FOR LOCAL BENEFITS, INCLUDING ANY PORTION OF THAT CHARGE THAT IS
7 PROPERLY ALLOCATED TO THE COSTS ATTRIBUTABLE TO MAINTENANCE OR INTEREST,
8 WHEN (I) THE PROPERTY SUBJECT TO THE CHARGE IS LIMITED TO THE PROPERTY
9 THAT BENEFITS FROM THE CHARGE, OR (II) THE AMOUNT OF THE CHARGE IS
10 DETERMINED BY THE BENEFIT TO THE PROPERTY ASSESSED, OR (III) THE
11 IMPROVEMENT FOR WHICH THE CHARGE IS ASSESSED TENDS TO INCREASE THE PROP-
12 ERTY VALUE.

13 (II) IN ADDITION, THE TERM REAL PROPERTY TAX INCLUDES TAXES PAID BY
14 THE TAXPAYER UPON REAL PROPERTY PRINCIPALLY USED DURING THE TAXABLE YEAR
15 BY THE TAXPAYER IN MANUFACTURING WHERE THE TAXPAYER LEASES SUCH REAL
16 PROPERTY FROM AN UNRELATED THIRD PARTY IF THE FOLLOWING CONDITIONS ARE
17 SATISFIED: (I) THE TAX MUST BE PAID BY THE TAXPAYER AS LESSEE PURSUANT
18 TO EXPLICIT REQUIREMENTS IN A WRITTEN LEASE, AND (II) THE TAXPAYER AS
19 LESSEE HAS PAID SUCH TAXES DIRECTLY TO THE TAXING AUTHORITY AND HAS
20 RECEIVED A WRITTEN RECEIPT FOR PAYMENT OF TAXES FROM THE TAXING AUTHORI-
21 TY. IN THE CASE OF A COMBINED GROUP THAT CONSTITUTES A QUALIFIED NEW
22 YORK MANUFACTURER, THE CONDITIONS IN THE PRECEDING SENTENCE ARE SATIS-
23 FIED IF ONE CORPORATION IN THE COMBINED GROUP IS THE LESSEE AND ANOTHER
24 CORPORATION IN THE COMBINED GROUP MAKES THE PAYMENTS TO THE TAXING
25 AUTHORITY.

26 (III) THE TERM REAL PROPERTY TAX DOES NOT INCLUDE A PAYMENT MADE BY
27 THE TAXPAYER IN CONNECTION WITH AN AGREEMENT FOR THE PAYMENT IN LIEU OF
28 TAXES ON REAL PROPERTY AS DEFINED IN SUBDIVISION SEVENTEEN OF SECTION
29 EIGHT HUNDRED FIFTY-FOUR OF THE GENERAL MUNICIPAL LAW, WHETHER SUCH
30 PROPERTY IS OWNED OR LEASED BY THE TAXPAYER, UNLESS THE PAYMENT IN LIEU
31 OF TAXES WAS MADE PURSUANT TO A PAYMENT IN LIEU OF TAX AGREEMENT THAT
32 WAS ENTERED INTO IN CONJUNCTION WITH THE SETTLEMENT OF A TAX CERTIORARI
33 PROCEEDING COMMENCED PURSUANT TO ARTICLE SEVEN OF THE REAL PROPERTY TAX
34 LAW.

35 (IV) THE REAL PROPERTY TAXES MUST BE PAID BY THE TAXPAYER IN THE YEAR
36 SUCH TAXES BECOME A LIEN ON THE REAL PROPERTY.

37 (3) CREDIT RECAPTURE. WHERE A QUALIFIED NEW YORK MANUFACTURER'S REAL
38 PROPERTY TAXES WHICH WERE THE BASIS FOR THE ALLOWANCE OF THE CREDIT
39 PROVIDED FOR UNDER THIS SUBDIVISION ARE SUBSEQUENTLY REDUCED AS A RESULT
40 OF A FINAL ORDER IN ANY PROCEEDING UNDER ARTICLE SEVEN OF THE REAL PROP-
41 ERTY TAX LAW OR OTHER PROVISION OF LAW, THE TAXPAYER SHALL ADD BACK, IN
42 THE TAXABLE YEAR IN WHICH SUCH FINAL ORDER IS ISSUED, THE EXCESS OF (I)
43 THE AMOUNT OF CREDIT ORIGINALLY ALLOWED FOR A TAXABLE YEAR OVER (II) THE
44 AMOUNT OF CREDIT DETERMINED BASED UPON THE REDUCED REAL PROPERTY TAXES.
45 IF SUCH FINAL ORDER REDUCES REAL PROPERTY TAXES FOR MORE THAN ONE YEAR,
46 THE TAXPAYER MUST DETERMINE HOW MUCH OF SUCH REDUCTION IS ATTRIBUTABLE
47 TO EACH YEAR COVERED BY SUCH FINAL ORDER AND CALCULATE THE AMOUNT OF
48 CREDIT WHICH IS REQUIRED BY THIS SUBDIVISION TO BE RECAPTURED FOR EACH
49 YEAR BASED ON SUCH REDUCTION.

50 (4) IF THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS SUBSECTION FOR ANY
51 TAXABLE YEAR EXCEEDS THE TAXPAYER'S TAX FOR SUCH YEAR, THE EXCESS WILL
52 BE TREATED AS AN OVERPAYMENT TO BE CREDITED OR REFUNDED IN ACCORDANCE
53 WITH THE PROVISIONS OF SECTION SIX HUNDRED EIGHTY-SIX OF THIS ARTICLE,
54 PROVIDED HOWEVER, NO INTEREST WILL BE PAID THEREON.

55 S 4-a. Subsection (b) of section 612 of the tax law is amended by
56 adding a new paragraph 40 to read as follows:

(40) THE AMOUNT OF ANY FEDERAL DEDUCTION FOR REAL PROPERTY TAXES TO THE EXTENT SUCH TAXES ARE USED AS THE BASIS OF THE CALCULATION OF THE REAL PROPERTY TAX CREDIT FOR MANUFACTURERS ALLOWED UNDER SUBSECTION (YY) OF SECTION SIX HUNDRED SIX OF THIS ARTICLE.

S 5. Subparagraph (vii) of paragraph (a) of subdivision 1 of section 210 of the tax law, as added by section 1 of part Z of chapter 59 of the laws of 2013, is amended to read as follows:

(vii) For a qualified New York manufacturer, as defined in subparagraph (vi) of this paragraph, the rate at which the tax is computed [in effect for taxable years beginning on or after January first, two thousand thirteen and before January first, two thousand fourteen for qualified New York manufacturers shall be reduced by nine and two-tenths percent for taxable years commencing on or after January first, two thousand fourteen and before January first, two thousand fifteen, twelve and three-tenths percent for taxable years commencing on or after January first, two thousand fifteen and before January first, two thousand sixteen, fifteen and four-tenths percent for taxable years commencing on or after January first, two thousand sixteen and before January first, two thousand eighteen, and twenty-five percent for taxable years beginning on or after January first, two thousand eighteen] SHALL BE ZERO PERCENT OF THE TAXPAYER'S BUSINESS INCOME BASE.

S 6. This act shall take effect immediately and shall apply to taxable years beginning on or after January 1, 2014; provided that sections one, two, three and five of this act shall expire December 31, 2014 when upon such date such provisions shall be deemed repealed.

PART S

Intentionally Omitted

PART T

Section 1. Section 39 of the tax law is amended by adding a new subdivision (c-1) to read as follows:

(C-1) EXCISE TAX ON TELECOMMUNICATION SERVICES. SUCH BUSINESS OR OWNER OF A BUSINESS SHALL BE ELIGIBLE FOR A CREDIT OF THE EXCISE TAX ON TELECOMMUNICATION SERVICES IMPOSED BY SECTION ONE HUNDRED EIGHTY-SIX-E OF THIS CHAPTER THAT IS PASSED THROUGH TO SUCH BUSINESS, PURSUANT TO THE PROVISIONS REFERENCED IN SUBDIVISION (K) OF THIS SECTION.

S 2. Paragraphs 4 and 6 of subdivision (k) of section 39 of the tax law, as added by section 2 of part A of chapter 68 of the laws of 2013, are amended to read as follows:

(4) Article 9-A: section 210, subdivision 47 AND SUBDIVISION 48.

(6) Article 22: section 606, subsection (ww) AND SUBSECTION (XX).

S 2-a. Paragraph (b) of subdivision 9 of section 208 of the tax law is amended by adding a new subparagraph 20-a to read as follows:

(20-A) THE AMOUNT OF ANY FEDERAL DEDUCTION FOR THE EXCISE TAX ON TELECOMMUNICATION SERVICES TO THE EXTENT SUCH TAXES ARE USED AS THE BASIS OF THE CALCULATION OF THE TAX-FREE NY AREA EXCISE TAX ON TELECOMMUNICATION SERVICES CREDIT ALLOWED UNDER SUBDIVISION FORTY-EIGHT OF SECTION TWO HUNDRED TEN OF THIS ARTICLE.

S 3. Section 210 of the tax law is amended by adding a new subdivision 48 to read as follows:

48. THE TAX-FREE NY AREA EXCISE TAX ON TELECOMMUNICATION SERVICES CREDIT. A TAXPAYER THAT IS A BUSINESS OR OWNER OF A BUSINESS THAT IS

1 LOCATED IN A TAX-FREE NY AREA APPROVED PURSUANT TO ARTICLE TWENTY-ONE OF
 2 THE ECONOMIC DEVELOPMENT LAW SHALL BE ALLOWED A CREDIT EQUAL TO THE
 3 EXCISE TAX ON TELECOMMUNICATION SERVICES IMPOSED BY SECTION ONE HUNDRED
 4 EIGHTY-SIX-E OF THIS CHAPTER AND PASSED THROUGH TO SUCH BUSINESS DURING
 5 THE TAXABLE YEAR TO THE EXTENT NOT OTHERWISE DEDUCTED IN COMPUTING
 6 ENTIRE NET INCOME. HOWEVER, ANY AMOUNT OF CREDIT NOT DEDUCTIBLE IN SUCH
 7 TAXABLE YEAR SHALL BE TREATED AS AN OVERPAYMENT OF TAX TO BE CREDITED OR
 8 REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF SECTION ONE THOUSAND
 9 EIGHTY-SIX OF THIS CHAPTER. THIS CREDIT MAY BE CLAIMED ONLY WHERE ANY
 10 TAX IMPOSED BY SUCH SECTION ONE HUNDRED EIGHTY-SIX-E HAS BEEN SEPARATELY
 11 STATED ON A BILL FROM THE PROVIDER OF TELECOMMUNICATION SERVICES AND
 12 PAID BY SUCH BUSINESS WITH RESPECT TO SUCH SERVICES RENDERED WITHIN A
 13 TAX-FREE NY AREA DURING THE TAXABLE YEAR. UNLESS THE TAXPAYER HAS A
 14 TAX-FREE NY AREA ALLOCATION FACTOR OF ONE HUNDRED PERCENT, THE CREDIT
 15 ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR SHALL NOT REDUCE THE
 16 TAX DUE FOR SUCH YEAR TO LESS THAN THE AMOUNT PRESCRIBED IN PARAGRAPH
 17 (D) OF SUBDIVISION ONE OF THIS SECTION. PROVIDED, HOWEVER, THE
 18 PROVISIONS OF SUBSECTION (C) OF SECTION ONE THOUSAND EIGHTY-EIGHT OF
 19 THIS CHAPTER NOTWITHSTANDING, NO INTEREST SHALL BE PAID THEREON.

20 S 4. Section 606 of the tax law is amended by adding a new subsection
 21 (xx) to read as follows:

22 (XX) THE TAX-FREE NY AREA EXCISE TAX ON TELECOMMUNICATION SERVICES
 23 CREDIT. A TAXPAYER THAT IS A BUSINESS OR OWNER OF A BUSINESS THAT IS
 24 LOCATED IN A TAX-FREE NY AREA APPROVED PURSUANT TO ARTICLE TWENTY-ONE OF
 25 THE ECONOMIC DEVELOPMENT LAW SHALL BE ALLOWED A CREDIT EQUAL TO THE
 26 EXCISE TAX ON TELECOMMUNICATION SERVICES IMPOSED BY SECTION ONE HUNDRED
 27 EIGHTY-SIX-E OF THIS CHAPTER AND PASSED THROUGH TO SUCH BUSINESS DURING
 28 THE TAXABLE YEAR TO THE EXTENT NOT OTHERWISE DEDUCTED IN COMPUTING
 29 FEDERAL ADJUSTED GROSS INCOME. THIS CREDIT MAY BE CLAIMED ONLY WHERE
 30 ANY TAX IMPOSED BY SUCH SECTION ONE HUNDRED EIGHTY-SIX-E HAS BEEN SEPA-
 31 RATELY STATED ON A BILL FROM THE PROVIDER OF TELECOMMUNICATION SERVICES
 32 AND PAID BY SUCH TAXPAYER WITH RESPECT TO SUCH SERVICES RENDERED WITHIN
 33 A TAX-FREE NY AREA DURING THE TAXABLE YEAR. IF THE AMOUNT OF THE CREDIT
 34 ALLOWED UNDER THIS SUBSECTION FOR ANY TAXABLE YEAR EXCEEDS THE TAXPAY-
 35 ER'S TAX FOR SUCH YEAR, THE EXCESS WILL BE TREATED AS AN OVERPAYMENT TO
 36 BE CREDITED OR REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF SECTION SIX
 37 HUNDRED EIGHTY-SIX OF THIS ARTICLE, PROVIDED, HOWEVER, THAT NO INTEREST
 38 WILL BE PAID THEREON.

39 S 5. Subparagraph (B) of paragraph 1 of subsection (i) of section 606
 40 of the tax law is amended by adding a new clause (xxxvii) to read as
 41 follows:

42 (XXXVII) TAX FREE NY AREA EXCISE	AMOUNT OF CREDIT UNDER
43 TAX ON TELECOMMUNICATION SERVICES	SUBDIVISION FORTY-EIGHT
44 CREDIT UNDER SUBSECTION (XX)	OF SECTION TWO HUNDRED TEN

45 S 5-a. Subsection (b) of section 612 of the tax law is amended by
 46 adding a new paragraph 39-a to read as follows:

47 (39-A) THE AMOUNT OF ANY FEDERAL DEDUCTION FOR THE EXCISE TAX ON TELE-
 48 COMMUNICATION SERVICES TO THE EXTENT SUCH TAXES ARE USED AS THE BASIS OF
 49 THE CALCULATION OF TAX-FREE NY AREA EXCISE TAX ON TELECOMMUNICATION
 50 SERVICES CREDIT ALLOWED UNDER SUBSECTION (XX) OF SECTION SIX HUNDRED SIX
 51 OF THIS ARTICLE.

52 S 6. This act shall take effect immediately and shall apply to taxable
 53 years beginning on or after January 1, 2014.

1 Section 1. Paragraph (a) of subdivision 44 of section 210 of the tax
2 law, as amended by section 2 of part T of chapter 59 of the laws of
3 2012, is amended to read as follows:

4 (a) A taxpayer that has been certified by the commissioner of labor as
5 a qualified employer pursuant to section twenty-five-a of the labor law
6 shall be allowed a credit against the tax imposed by this article equal
7 to (i) five hundred dollars per month for up to six months for each
8 qualified employee the employer employs in a full-time job or two
9 hundred fifty dollars per month for up to six months for each qualified
10 employee the employer employs in a part-time job of at least twenty
11 hours per week OR TEN HOURS PER WEEK WHEN THE QUALIFIED EMPLOYEE IS
12 ENROLLED IN HIGH SCHOOL FULL-TIME, and (ii) one thousand dollars for
13 each qualified employee who is employed for at least an additional six
14 months by the qualified employer in a full-time job or five hundred
15 dollars for each qualified employee who is employed for at least an
16 additional six months by the qualified employer in a part-time job of at
17 least twenty hours per week OR TEN HOURS PER WEEK WHEN THE QUALIFIED
18 EMPLOYEE IS ENROLLED IN HIGH SCHOOL FULL-TIME, AND (III) AN ADDITIONAL
19 ONE THOUSAND DOLLARS FOR EACH QUALIFIED EMPLOYEE WHO IS EMPLOYED FOR AT
20 LEAST AN ADDITIONAL YEAR AFTER THE FIRST YEAR OF THE EMPLOYEE'S EMPLOY-
21 MENT BY THE QUALIFIED EMPLOYER IN A FULL-TIME JOB OR FIVE HUNDRED
22 DOLLARS FOR EACH QUALIFIED EMPLOYEE WHO IS EMPLOYED FOR AT LEAST AN
23 ADDITIONAL YEAR AFTER THE FIRST YEAR OF THE EMPLOYEE'S EMPLOYMENT BY THE
24 QUALIFIED EMPLOYER IN A PART-TIME JOB OF AT LEAST TWENTY HOURS PER WEEK
25 OR TEN HOURS PER WEEK WHEN THE QUALIFIED EMPLOYEE IS ENROLLED IN HIGH
26 SCHOOL FULL-TIME. For purposes of this subdivision, the term "qualified
27 employee" shall have the same meaning as set forth in subdivision (b) of
28 section twenty-five-a of the labor law. The portion of the credit
29 described in subparagraph (i) of this paragraph shall be allowed for the
30 taxable year in which the wages are paid to the qualified employee, and
31 the portion of the credit described in subparagraph (ii) of this para-
32 graph shall be allowed in the taxable year in which the additional six
33 month period ends.

34 S 2. Paragraph 1 of subsection (tt) of section 606 of the tax law, as
35 amended by section 3 of part T of chapter 59 of the laws of 2012, is
36 amended to read as follows:

37 (1) A taxpayer that has been certified by the commissioner of labor as
38 a qualified employer pursuant to section twenty-five-a of the labor law
39 shall be allowed a credit against the tax imposed by this article equal
40 to (A) five hundred dollars per month for up to six months for each
41 qualified employee the employer employs in a full-time job or two
42 hundred fifty dollars per month for up to six months for each qualified
43 employee the employer employs in a part-time job of at least twenty
44 hours per week OR TEN HOURS PER WEEK WHEN THE QUALIFIED EMPLOYEE IS
45 ENROLLED IN HIGH SCHOOL FULL-TIME, and (B) one thousand dollars for each
46 qualified employee who is employed for at least an additional six months
47 by the qualified employer in a full-time job or five hundred dollars for
48 each qualified employee who is employed for at least an additional six
49 months by the qualified employer in a part-time job of at least twenty
50 hours per week OR TEN HOURS PER WEEK WHEN THE QUALIFIED EMPLOYEE IS
51 ENROLLED IN HIGH SCHOOL FULL-TIME, AND (C) AN ADDITIONAL ONE THOUSAND
52 DOLLARS FOR EACH QUALIFIED EMPLOYEE WHO IS EMPLOYED FOR AT LEAST AN
53 ADDITIONAL YEAR AFTER THE FIRST YEAR OF THE EMPLOYEE'S EMPLOYMENT BY THE
54 QUALIFIED EMPLOYER IN A FULL-TIME JOB OR FIVE HUNDRED DOLLARS FOR EACH
55 QUALIFIED EMPLOYEE WHO IS EMPLOYED FOR AT LEAST AN ADDITIONAL YEAR AFTER
56 THE FIRST YEAR OF THE EMPLOYEE'S EMPLOYMENT BY THE QUALIFIED EMPLOYER IN

1 A PART-TIME JOB OF AT LEAST TWENTY HOURS PER WEEK OR TEN HOURS PER WEEK
2 WHEN THE QUALIFIED EMPLOYEE IS ENROLLED IN HIGH SCHOOL FULL-TIME. A
3 taxpayer that is a partner in a partnership, member of a limited liabil-
4 ity company or shareholder in an S corporation that has been certified
5 by the commissioner of labor as a qualified employer pursuant to section
6 twenty-five-a of the labor law shall be allowed its pro rata share of
7 the credit earned by the partnership, limited liability company or S
8 corporation. For purposes of this subsection, the term "qualified
9 employee" shall have the same meaning as set forth in subdivision (b) of
10 section twenty-five-a of the labor law. The portion of the credit
11 described in subparagraph (A) of this paragraph shall be allowed for the
12 taxable year in which the wages are paid to the qualified employee, and
13 the portion of the credit described in subparagraph (B) of this para-
14 graph shall be allowed in the taxable year in which the additional six
15 month period ends.

16 S 3. Subdivision (a) of section 25-a of the labor law, as amended by
17 section 2 of part DD of chapter 59 of the laws of 2013, is amended to
18 read as follows:

19 (a) The commissioner is authorized to establish and administer the New
20 York youth works tax credit program to provide tax incentives to employ-
21 ers for employing at risk youth in part-time and full-time positions.
22 There will be five distinct pools of tax incentives. Program one will
23 cover tax incentives allocated for two thousand twelve and two thousand
24 thirteen. Program two will cover tax incentives allocated in two thou-
25 sand fourteen to be used in two thousand fourteen and fifteen. Program
26 three will cover tax incentives allocated in two thousand fifteen to be
27 used in two thousand fifteen and sixteen. Program four will cover tax
28 incentives allocated in two thousand sixteen to be used in two thousand
29 sixteen and seventeen. Program five will cover tax incentives allocated
30 in two thousand seventeen to be used in two thousand seventeen and eigh-
31 teen. The commissioner is authorized to allocate up to twenty-five
32 million dollars of tax credits under program one, [six] TEN million
33 dollars of tax credits under program two, [six] TEN million dollars of
34 tax credits under program three, [and six] TEN million dollars of tax
35 credits under program four, and [six] TEN million dollars of tax credits
36 under program five.

37 S 4. This act shall take effect immediately and apply to taxable years
38 beginning on or after January 1, 2014.

39

PART V

40 Section 1. Section 19 of Part W-1 of chapter 109 of the laws of 2006
41 amending the tax law and other laws relating to providing exemptions,
42 reimbursements and credits from various taxes for certain alternative
43 fuels, as amended by section 1 of part D of chapter 59 of the laws of
44 2012, is amended to read as follows:

45 S 19. This act shall take effect immediately; provided, however, that
46 sections one through thirteen of this act shall take effect September 1,
47 2006 and shall be deemed repealed on September 1, [2014] 2016 and such
48 repeal shall apply in accordance with the applicable transitional
49 provisions of sections 1106 and 1217 of the tax law, and shall apply to
50 sales made, fuel compounded or manufactured, and uses occurring on or
51 after such date, and with respect to sections seven through eleven of
52 this act, in accordance with applicable transitional provisions of
53 sections 1106 and 1217 of the tax law; provided, however, that the
54 commissioner of taxation and finance shall be authorized on and after

1 the date this act shall have become a law to adopt and amend any rules
2 or regulations and to take any steps necessary to implement the
3 provisions of this act; provided further that sections fourteen through
4 sixteen of this act shall take effect immediately and shall apply to
5 taxable years beginning on or after January 1, 2006.

6 S 2. This act shall take effect immediately.

7 PART W

8 Section 1. Section 11 of part EE of chapter 63 of the laws of 2000,
9 amending the tax law and other laws relating to modifying the distrib-
10 ution of funds from the motor vehicle fuel excise tax, as amended by
11 section 1 of part M of chapter 61 of the laws of 2011, is amended to
12 read as follows:

13 S 11. Notwithstanding any other law, rule or regulation to the contra-
14 ry, the comptroller is hereby authorized and directed to deposit in
15 equal monthly installments and distribute pursuant to the provisions of
16 subdivision (d) of section 301-j of the tax law amounts listed below to
17 the credit of the dedicated highway and bridge trust fund and the dedi-
18 cated mass transportation trust fund from all motor vehicle receipts now
19 deposited into the general fund pursuant to provisions of the vehicle
20 and traffic law: twenty-eight million four hundred thousand dollars
21 from April 1, 2002 through March 31, 2003, sixty-seven million nine
22 hundred thousand dollars from April 1, 2003 through March 31, 2004, one
23 hundred seventy million one hundred thousand dollars from April 1, 2004
24 through March 31, 2005, and one hundred percent of all motor vehicle
25 receipts pursuant to provisions of the vehicle and traffic law that are
26 not otherwise directed to be deposited in a fund other than the general
27 fund from April 1, 2005 through March 31, 2006, and the same amount each
28 year thereafter UNTIL MARCH 31, 2014. FROM APRIL 1, 2014 THROUGH MARCH
29 31, 2015, AND EACH YEAR THEREAFTER, THE COMPTROLLER SHALL, ON A QUARTER-
30 LY BASIS, CERTIFY AND TRANSFER SIXTEEN MILLION FOUR HUNDRED NINETY-EIGHT
31 THOUSAND TWO HUNDRED FIFTY-FIVE DOLLARS TO THE DEDICATED HIGHWAY AND
32 BRIDGE TRUST FUND AND FIFTEEN MILLION SIX HUNDRED SIXTY-FIVE THOUSAND
33 TWO HUNDRED FORTY-FIVE DOLLARS TO THE DEDICATED MASS TRANSPORTATION
34 TRUST FUND.

35 S 2. Paragraph (f) of subdivision 4 of section 503 of the vehicle and
36 traffic law, as added by section 1 of part W of chapter 59 of the laws
37 of 2006, is amended to read as follows:

38 (f) Notwithstanding any other provision of law to the contrary,
39 commencing April first, two thousand six and ending March thirty-first,
40 two thousand [seven] FOURTEEN, IN EACH YEAR, the first forty million
41 seven hundred thousand dollars of fees collected pursuant to this subdi-
42 vision and section eleven hundred ninety-nine of this chapter, in the
43 aggregate, shall be paid to the state comptroller who shall deposit such
44 money in the state treasury pursuant to section one hundred twenty-one
45 of the state finance law to the credit of the general fund. Any such
46 fees collected in excess of such amount shall be paid to the credit of
47 the comptroller on account of the dedicated highway and bridge trust
48 fund established pursuant to section eighty-nine-b of the state finance
49 law. [Commencing April first, two thousand seven and ending March thir-
50 ty-first, two thousand eight, and for each such fiscal year thereafter,
51 the first forty million seven hundred thousand dollars of fees collected
52 pursuant to this subdivision and section eleven hundred ninety-nine of
53 this chapter, in the aggregate, shall be paid to the state comptroller
54 who shall deposit such money in the state treasury pursuant to section

1 one hundred twenty-one of the state finance law to the credit of the
2 general fund. Any such fees collected in excess of such amount for each
3 such state fiscal year, shall be paid to the credit of the comptroller
4 on account of the dedicated highway and bridge trust fund established
5 pursuant to section eighty-nine-b of the state finance law.] COMMENCING
6 APRIL FIRST, TWO THOUSAND FOURTEEN AND FOR EACH SUCH FISCAL YEAR THERE-
7 AFTER, ANY SUCH FEES COLLECTED PURSUANT TO THIS SUBDIVISION AND SECTION
8 ELEVEN HUNDRED NINETY-NINE OF THIS CHAPTER SHALL BE PAID TO THE CREDIT
9 OF THE COMPTROLLER ON ACCOUNT OF THE DEDICATED HIGHWAY AND BRIDGE TRUST
10 FUND ESTABLISHED PURSUANT TO SECTION EIGHTY-NINE-B OF THE STATE FINANCE
11 LAW.

12 S 3. This act shall take effect immediately and shall be deemed to
13 have been in full force and effect on and after April 1, 2014.

14

PART X

15 Section 1. Section 951 of the tax law, as amended by chapter 67 of the
16 laws of 1978, subsection (a) as amended by section 1 of part T of chap-
17 ter 57 of the laws of 2010, subsection (b) as amended by section 5 of
18 part A of chapter 389 of the laws of 1997 and subsection (c) as added by
19 chapter 538 of the laws of 2013, is amended to read as follows:

20 S 951. Applicable internal revenue code provisions.-- (a) [Dates]
21 GENERAL. For purposes of this article, any reference to the internal
22 revenue code means the United States Internal Revenue Code of 1986, with
23 all amendments enacted on or before [July twenty-second, nineteen
24 hundred ninety-eight,] JANUARY FIRST, TWO THOUSAND FOURTEEN and, unless
25 specifically provided otherwise in this article, any reference to Decem-
26 ber thirty-first, nineteen hundred seventy-six or January first, nine-
27 teen hundred seventy-seven contained in the provisions of such code
28 which are applicable to the determination of the tax imposed by this
29 article shall be read as a reference to June thirtieth, nineteen hundred
30 seventy-eight or July first, nineteen hundred seventy-eight, respective-
31 ly. [Notwithstanding the foregoing, the unified credit against the
32 estate tax provided in section two thousand ten of the internal revenue
33 code shall, for purposes of this article, be the amount allowable as if
34 the federal applicable exclusion amount were one million dollars.]

35 (b) [Applicable generation-skipping transfer tax provisions.--Where
36 any reference is made in this article (or in the provisions of the
37 internal revenue code which are made applicable by section two, as
38 amended, of chapter one thousand thirteen of the laws of nineteen
39 hundred sixty-two, to the determination of the tax imposed by this arti-
40 cle and appended thereto) to provisions of the internal revenue code
41 contained in section one thousand twenty-five of this chapter, such
42 internal revenue code provisions contained in such section one thousand
43 twenty-five shall apply to the provisions of this article in the same
44 manner and with the same force and effect as if the language of such
45 provisions of the internal revenue code had been incorporated in full
46 into this article except to the extent that any such provision is either
47 inconsistent with a provision of this article or is not relevant there-
48 to.

49 (c)] Disposition to surviving spouse who is not a United States citi-
50 zen. In the case of an estate where a federal estate tax return is not
51 required for federal estate tax purposes, a disposition to a surviving
52 spouse that would qualify for the federal estate tax marital deduction
53 under section 2056 of the internal revenue code if not for the limita-
54 tion imposed by subsection (d)(1) of such section shall nonetheless be

1 treated as qualifying for the federal estate tax marital deduction for
 2 purposes of computing the tax imposed by section nine hundred fifty-two
 3 of this part, without requiring that such disposition pass to the
 4 surviving spouse in a qualified domestic trust as required for federal
 5 purposes by internal revenue code section 2056(d)(2).

6 S 2. Section 952 of the tax law, as added by section 9 of part A of
 7 chapter 389 of the laws of 1997, subsection (b) as amended by section 3
 8 of part I of chapter 60 of the laws of 2004, is amended to read as
 9 follows:

10 S 952. Tax imposed. (a) A tax is hereby imposed on the transfer of the
 11 New York estate by every deceased individual who at his or her death was
 12 a resident of New York state. [The tax imposed by this subsection shall
 13 be an amount equal to the maximum amount allowable against the federal
 14 estate tax as a credit for state death taxes under section two thousand
 15 eleven of the internal revenue code.]

16 (b) [If the transfer of any part of the estate of a deceased resident
 17 includes real or tangible personal property having an actual situs
 18 outside New York state, the tax imposed by subsection (a) of this
 19 section shall be reduced by an amount determined by multiplying the
 20 maximum amount of the federal credit for state death taxes by a frac-
 21 tion, the numerator of which is the decedent's federal gross estate
 22 reduced by his or her New York gross estate and the denominator of which
 23 is his or her federal gross estate.] COMPUTATION OF TAX. THE TAX IMPOSED
 24 BY THIS SECTION SHALL BE COMPUTED ON THE DECEASED RESIDENT'S NEW YORK
 25 TAXABLE ESTATE AS FOLLOWS:

26 IN THE CASE OF DECEDENTS DYING ON OR AFTER APRIL 1, 2014 AND BEFORE
 27 APRIL 1, 2015

28 IF THE NEW YORK TAXABLE ESTATE IS:	THE TAX IS:
29 NOT OVER \$500,000	3.06% OF TAXABLE ESTATE
30 OVER \$500,000 BUT NOT OVER \$1,000,000	\$15,300 PLUS 5.0% OF EXCESS OVER
31	\$500,000
32 OVER \$1,000,000 BUT NOT OVER \$1,500,000	\$40,300 PLUS 5.5% OF EXCESS OVER
33	\$1,000,000
34 OVER \$1,500,000 BUT NOT OVER \$2,100,000	\$67,800 PLUS 6.5% OF EXCESS OVER
35	\$1,500,000
36 OVER \$2,100,000 BUT NOT OVER \$2,600,000	\$106,800 PLUS 8.0% OF EXCESS
37	OVER \$2,100,000
38 OVER \$2,600,000 BUT NOT OVER \$3,100,000	\$146,800 PLUS 8.8% OF EXCESS OVER
39	\$2,600,000
40 OVER \$3,100,000 BUT NOT OVER \$3,600,000	\$190,800 PLUS 9.6% OF EXCESS OVER
41	\$3,100,000
42 OVER \$3,600,000 BUT NOT OVER \$4,100,000	\$238,800 PLUS 10.4% OF EXCESS
43	OVER \$3,600,000
44 OVER \$4,100,000 BUT NOT OVER \$5,100,000	\$290,800 PLUS 11.2% OF EXCESS
45	OVER \$4,100,000
46 OVER \$5,100,000 BUT NOT OVER \$6,100,000	\$402,800 PLUS 12.0% OF EXCESS
47	OVER \$5,100,000
48 OVER \$6,100,000 BUT NOT OVER \$7,100,000	\$522,800 PLUS 12.8% OF EXCESS
49	OVER \$6,100,000
50 OVER \$7,100,000 BUT NOT OVER \$8,100,000	\$650,800 PLUS 13.6% OF EXCESS
51	OVER \$7,100,000
52 OVER \$8,100,000 BUT NOT OVER \$9,100,000	\$786,800 PLUS 14.4% OF EXCESS
53	OVER \$8,100,000
54 OVER \$9,100,000	\$930,800 PLUS 14.5% OF EXCESS OVER
55	\$9,100,000

1	IN THE CASE OF DECEDENTS DYING ON OR AFTER APRIL 1, 2015 AND BEFORE	
2	APRIL 1, 2016	
3	IF THE NEW YORK TAXABLE ESTATE IS:	THE TAX IS:
4	NOT OVER \$500,000	3.06% OF TAXABLE ESTATE
5	OVER \$500,000 BUT NOT OVER \$1,000,000	\$15,300 PLUS 5.0% OF EXCESS OVER
6		\$500,000
7	OVER \$1,000,000 BUT NOT OVER \$1,500,000	\$40,300 PLUS 5.5% OF EXCESS OVER
8		\$1,000,000
9	OVER \$1,500,000 BUT NOT OVER \$2,100,000	\$67,800 PLUS 6.5% OF EXCESS
10		OVER \$1,500,000
11	OVER \$2,100,000 BUT NOT OVER \$2,600,000	\$106,800 PLUS 8.0% OF EXCESS
12		OVER \$2,100,000
13	OVER \$2,600,000 BUT NOT OVER \$3,100,000	\$146,800 PLUS 8.8% OF EXCESS
14		OVER \$2,600,000
15	OVER \$3,100,000 BUT NOT OVER \$3,600,000	\$190,800 PLUS 9.6% OF EXCESS
16		OVER \$3,100,000
17	OVER \$3,600,000 BUT NOT OVER \$4,100,000	\$238,800 PLUS 10.4% OF EXCESS
18		OVER \$3,600,000
19	OVER \$4,100,000 BUT NOT OVER \$5,100,000	\$290,800 PLUS 11.2% OF EXCESS
20		OVER \$4,100,000
21	OVER \$5,100,000 BUT NOT OVER \$6,100,000	\$402,800 PLUS 12.0% OF EXCESS
22		OVER \$5,100,000
23	OVER \$6,100,000 BUT NOT OVER \$7,100,000	\$522,800 PLUS 12.8% OF EXCESS
24		OVER \$6,100,000
25	OVER \$7,100,000	\$650,800 PLUS 13.0% OF EXCESS
26		OVER \$7,100,000
27	IN THE CASE OF DECEDENTS DYING ON OR AFTER APRIL 1, 2016 AND BEFORE	
28	APRIL 1, 2017	
29	IF THE NEW YORK TAXABLE ESTATE IS:	THE TAX IS:
30	NOT OVER \$500,000	3.06% OF TAXABLE ESTATE
31	OVER \$500,000 BUT NOT OVER \$1,000,000	\$15,300 PLUS 5.0% OF EXCESS OVER
32		\$500,000
33	OVER \$1,000,000 BUT NOT OVER \$1,500,000	\$40,300 PLUS 5.5% OF EXCESS OVER
34		\$1,000,000
35	OVER \$1,500,000 BUT NOT OVER \$2,100,000	\$67,800 PLUS 6.5% OF EXCESS
36		OVER \$1,500,000
37	OVER \$2,100,000 BUT NOT OVER \$2,600,000	\$106,800 PLUS 8.0% OF EXCESS
38		OVER \$2,100,000
39	OVER \$2,600,000 BUT NOT OVER \$3,100,000	\$146,800 PLUS 8.8% OF EXCESS
40		OVER \$2,600,000
41	OVER \$3,100,000 BUT NOT OVER \$3,600,000	\$190,800 PLUS 9.6% OF EXCESS
42		OVER \$3,100,000
43	OVER \$3,600,000 BUT NOT OVER \$4,100,000	\$238,800 PLUS 10.4% OF EXCESS
44		OVER \$3,600,000
45	OVER \$4,100,000 BUT NOT OVER \$5,100,000	\$290,800 PLUS 11.2% OF EXCESS
46		OVER \$4,100,000
47	OVER \$5,100,000	\$402,800 PLUS 11.5% OF EXCESS
48		OVER \$5,100,000
49	IN THE CASE OF DECEDENTS DYING ON OR AFTER APRIL 1, 2017	
50	IF THE NEW YORK TAXABLE ESTATE IS:	THE TAX IS:
51	NOT OVER \$500,000	3.06% OF TAXABLE ESTATE
52	OVER \$500,000 BUT NOT OVER \$1,000,000	\$15,300 PLUS 5.0% OF EXCESS OVER
53		\$500,000
54	OVER \$1,000,000 BUT NOT OVER \$1,500,000	\$40,300 PLUS 5.5% OF EXCESS OVER
55		\$1,000,000
56	OVER \$1,500,000 BUT NOT OVER \$2,100,000	\$67,800 PLUS 6.5% OF

1		EXCESS OVER \$1,500,000
2	OVER \$2,100,000 BUT NOT OVER \$2,600,000	\$106,800 PLUS 8.0% OF
3		EXCESS OVER \$2,100,000
4	OVER \$2,600,000 BUT NOT OVER \$3,100,000	\$146,800 PLUS 8.8% OF
5		EXCESS OVER \$2,600,000
6	OVER \$3,100,000 BUT NOT OVER \$3,600,000	\$190,800 PLUS 9.6% OF EXCESS
7		OVER \$3,100,000
8	OVER \$3,600,000	\$238,800 PLUS 10.0% OF EXCESS
9		OVER \$3,600,000

10 (C) APPLICABLE CREDIT AMOUNT. (1) A CREDIT OF THE APPLICABLE CREDIT
 11 AMOUNT SHALL BE ALLOWED AGAINST THE TAX IMPOSED BY THIS SECTION AS
 12 PROVIDED IN THIS SUBSECTION. IN THE CASE OF A DECEDENT WHOSE NEW YORK
 13 TAXABLE ESTATE IS LESS THAN OR EQUAL TO THE BASIC EXCLUSION AMOUNT, THE
 14 APPLICABLE CREDIT AMOUNT SHALL BE THE AMOUNT OF TAX THAT WOULD BE DUE
 15 UNDER SUBSECTION (B) OF THIS SECTION ON SUCH DECEDENT'S NEW YORK TAXABLE
 16 ESTATE. IN THE CASE OF A DECEDENT WHOSE NEW YORK TAXABLE ESTATE EXCEEDS
 17 THE BASIC EXCLUSION AMOUNT BY AN AMOUNT THAT IS LESS THAN OR EQUAL TO
 18 FIVE PERCENT OF SUCH AMOUNT, THE APPLICABLE CREDIT AMOUNT SHALL BE THE
 19 AMOUNT OF TAX THAT WOULD BE DUE UNDER SUBSECTION (B) OF THIS SECTION IF
 20 THE AMOUNT ON WHICH THE TAX IS TO BE COMPUTED WERE EQUAL TO THE BASIC
 21 EXCLUSION AMOUNT MULTIPLIED BY ONE MINUS A FRACTION, THE NUMERATOR OF
 22 WHICH IS THE DECEDENT'S NEW YORK TAXABLE ESTATE MINUS THE BASIC EXCLU-
 23 SION AMOUNT, AND THE DENOMINATOR OF WHICH IS FIVE PERCENT OF THE BASIC
 24 EXCLUSION AMOUNT. PROVIDED, HOWEVER, THAT THE CREDIT ALLOWED BY THIS
 25 SUBSECTION SHALL NOT EXCEED THE TAX IMPOSED BY THIS SECTION, AND NO
 26 CREDIT SHALL BE ALLOWED TO THE ESTATE OF ANY DECEDENT WHOSE NEW YORK
 27 TAXABLE ESTATE EXCEEDS ONE HUNDRED FIVE PERCENT OF THE BASIC EXCLUSION
 28 AMOUNT.

29 (2) (A) FOR PURPOSES OF THIS SECTION, THE BASIC EXCLUSION AMOUNT SHALL
 30 BE AS FOLLOWS:
 31 IN THE CASE OF DECEDENTS DYING ON OR AFTER: THE BASIC EXCLUSION AMOUNT
 32 IS:

33	APRIL 1, 2014 AND BEFORE APRIL 1, 2015	\$ 2,062,500
34	APRIL 1, 2015 AND BEFORE APRIL 1, 2016	3,125,000
35	APRIL 1, 2016 AND BEFORE APRIL 1, 2017	4,187,500
36	APRIL 1, 2017 AND BEFORE JANUARY 1, 2019	5,250,000

37 (B) IN THE CASE OF ANY DECEDENT DYING IN A CALENDAR YEAR BEGINNING ON
 38 OR AFTER JANUARY FIRST, TWO THOUSAND NINETEEN, THE BASIC EXCLUSION
 39 AMOUNT FOR DECEDENTS DYING ON OR AFTER APRIL FIRST, TWO THOUSAND SEVEN-
 40 TEEN AND BEFORE JANUARY FIRST, TWO THOUSAND NINETEEN SHALL BE INCREASED
 41 BY AN AMOUNT EQUAL TO:

42 (I) SUCH BASIC EXCLUSION AMOUNT, MULTIPLIED BY

43 (II) THE COST-OF-LIVING ADJUSTMENT, WHICH SHALL BE THE PERCENTAGE BY
 44 WHICH THE CONSUMER PRICE INDEX FOR THE PRECEDING CALENDAR YEAR EXCEEDS
 45 THE CONSUMER PRICE INDEX FOR CALENDAR YEAR TWO THOUSAND TWELVE.

46 (C) (I) FOR PURPOSES OF THIS PARAGRAPH, "CONSUMER PRICE INDEX" MEANS
 47 THE MOST RECENT CONSUMER PRICE INDEX FOR ALL-URBAN CONSUMERS PUBLISHED
 48 BY THE UNITED STATES DEPARTMENT OF LABOR.

49 (II) IF ANY AMOUNT ADJUSTED UNDER THIS PARAGRAPH IS NOT A MULTIPLE OF
 50 TEN THOUSAND DOLLARS, SUCH AMOUNT SHALL BE ROUNDED TO THE NEAREST MULTI-
 51 PLE OF TEN THOUSAND DOLLARS.

52 S 3. Section 954 of the tax law, as amended by chapter 67 of the laws
 53 of 1978, paragraph 1 of subsection (a) as amended by section 10 and
 54 subsection (b) as amended by section 11 of part A of chapter 389 of the
 55 laws of 1997, subsection (c) as amended by chapter 916 of the laws of
 56 1982, paragraph 1 of subsection (c) as amended by section 3 of part A of

chapter 407 of the laws of 1999 and such subsection (c) as relettered by section 12 of part A of chapter 389 of the laws of 1997, is amended to read as follows:

S 954. Resident's New York gross estate. (a) General.-- The New York gross estate of a deceased resident means his OR HER federal gross estate as defined in the internal revenue code (whether or not a federal estate tax return is required to be filed) modified as follows:

(1) Reduced by the value of real or tangible personal property having an actual situs outside New York state.

(2) Increased by the amount determined under section nine hundred fifty-seven OF THIS PART (relating to limited powers of appointment created prior to September first, nineteen hundred thirty).

(b) Valuation. -- (1) The New York gross estate shall be valued as of the TIME OF THE DECEDENT'S DEATH, EXCEPT THAT IF A FEDERAL ESTATE TAX RETURN IS FILED AND THE ALTERNATE VALUATION UNDER SECTION 2032 OF THE INTERNAL REVENUE CODE IS ELECTED FOR FEDERAL ESTATE TAX PURPOSES, THE NEW YORK GROSS ESTATE SHALL BE VALUED AS OF THE applicable federal valuation date or dates. Any real property qualified under section two thousand thirty-two-A of the internal revenue code shall have the same value for purposes of the New York gross estate as it has for federal estate tax purposes.

(2) IF SUCH ALTERNATE VALUATION COULD HAVE BEEN ELECTED PURSUANT TO PARAGRAPH ONE OF THIS SUBSECTION, BUT FOR THE ABSENCE OF AN ESTATE SUFFICIENT TO REQUIRE THE FILING OF A FEDERAL RETURN, THE NEW YORK GROSS ESTATE MAY, UPON THE ELECTION OF THE EXECUTOR, BE VALUED AS OF THE FEDERAL VALUATION DATE OR DATES WHICH WOULD HAVE APPLIED IF A FEDERAL RETURN HAD BEEN FILED. HOWEVER, NO ELECTION MAY BE MADE UNDER THIS PARAGRAPH UNLESS SUCH ELECTION WILL DECREASE THE VALUE OF THE NEW YORK GROSS ESTATE AND THE AMOUNT OF TAX IMPOSED BY THIS ARTICLE (REDUCED BY CREDITS ALLOWABLE AGAINST SUCH TAX). ANY ELECTION MADE UNDER THIS PARAGRAPH SHALL BE IRREVOCABLE. THE ELECTION ALLOWED BY THIS PARAGRAPH SHALL BE MADE NO LATER THAN THE DATE PRESCRIBED FOR THE FILING OF THE RETURN UNDER THIS ARTICLE (INCLUDING EXTENSIONS) OR ANY TIME THEREAFTER AS THE COMMISSIONER MAY PRESCRIBE.

(c) Cross references.-- (1) For provisions of the internal revenue code defining the federal gross estate, see:

Sec. 2031. Definition of gross estate.

Sec. 2032. Alternate valuation.

Sec. 2032A. Valuation of certain farm, etc., real property.

Sec. 2033. Property in which the decedent had an interest.

Sec. 2034. Dower or curtesy interest.

Sec. 2035. Adjustments for gifts made within three years of decedent's death.

Sec. 2036. Transfers with retained life estate.

Sec. 2037. Transfers taking effect at death.

Sec. 2038. Revocable transfers.

Sec. 2039. Annuities.

Sec. 2040. Joint interests.

Sec. 2041. Powers of appointment.

Sec. 2042. Proceeds of life insurance.

Sec. 2043. Transfers for insufficient consideration.

Sec. 2044. Certain property for which marital deduction was previously allowed.

Sec. 2045. Prior interests.

Sec. 2046. Disclaimers.

(2) FOR PROVISIONS OF THE INTERNAL REVENUE CODE WHICH, EXCEPT TO THE EXTENT THEY ARE INCONSISTENT WITH THE PROVISIONS OF THIS ARTICLE, ARE PERTINENT TO THE COMPUTATION OF TAXABLE GIFTS AND THE TAX UNDER THIS ARTICLE, SEE:

SEC. 2503. TAXABLE GIFTS.

SEC. 2511. TRANSFERS IN GENERAL.

SEC. 2512. VALUATION OF GIFTS.

SEC. 2513. GIFT BY HUSBAND OR WIFE TO THIRD PARTY.

SEC. 2514. POWERS OF APPOINTMENT.

SEC. 2516. CERTAIN PROPERTY SETTLEMENTS.

SEC. 2518. DISCLAIMERS.

SEC. 2519. DISPOSITIONS OF CERTAIN LIFE ESTATES.

SEC. 2522. CHARITABLE AND SIMILAR GIFTS.

SEC. 2523. GIFT TO SPOUSE.

SEC. 2524. EXTENT OF DEDUCTIONS.

SEC. 2701. SPECIAL VALUATION RULES IN CASE OF TRANSFERS OF CERTAIN INTERESTS IN CORPORATIONS OR PARTNERSHIPS.

SEC. 2702. SPECIAL VALUATION RULES IN CASE OF TRANSFERS OF INTERESTS IN TRUSTS.

SEC. 2703. CERTAIN RIGHTS AND RESTRICTIONS DISREGARDED.

SEC. 2704. TREATMENT OF CERTAIN LAPSING RIGHTS AND RESTRICTIONS.

SEC. 7872. TREATMENT OF LOANS WITH BELOW-MARKET INTEREST RATES.

(3) For effect of federal estate tax determinations, see section nine hundred sixty-one of this article.

S 4. The tax law is amended by adding a new section 955 to read as follows:

S 955. RESIDENT'S NEW YORK TAXABLE ESTATE. (A) GENERAL.--THE TAXABLE ESTATE OF A NEW YORK RESIDENT SHALL BE HIS OR HER NEW YORK GROSS ESTATE, MINUS THE DEDUCTIONS ALLOWABLE FOR DETERMINING HIS OR HER FEDERAL TAXABLE ESTATE UNDER THE INTERNAL REVENUE CODE (WHETHER OR NOT A FEDERAL ESTATE TAX RETURN IS REQUIRED TO BE FILED), EXCEPT TO THE EXTENT THAT SUCH DEDUCTIONS RELATE TO REAL OR TANGIBLE PERSONAL PROPERTY SITUED OUTSIDE NEW YORK STATE.

(B) WAIVER OF DEDUCTIONS.-- IF THE RIGHT TO ANY DEDUCTION OTHERWISE ALLOWABLE IS WAIVED FOR FEDERAL ESTATE TAX PURPOSES, IT SHALL BE CONSIDERED WAIVED FOR NEW YORK ESTATE TAX PURPOSES.

(C) QUALIFIED TERMINABLE INTEREST PROPERTY ELECTION.-- EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, THE ELECTION REFERRED TO IN PARAGRAPH (7) OF SUBSECTION (B) OF SECTION 2056 OF THE INTERNAL REVENUE CODE SHALL NOT BE ALLOWED UNDER THIS ARTICLE UNLESS SUCH ELECTION WAS MADE WITH RESPECT TO THE FEDERAL ESTATE TAX RETURN REQUIRED TO BE FILED UNDER THE PROVISIONS OF THE INTERNAL REVENUE CODE BECAUSE THE DECEDENT'S GROSS ESTATE AND ADJUSTED TAXABLE GIFTS, UNDER PARAGRAPH (2) OF SUBSECTION (B) OF SECTION 2001 OF THE INTERNAL REVENUE CODE, EXCEED THE BASIC EXCLUSION AMOUNT, UNDER PARAGRAPH 3 OF SUBSECTION (C) OF SECTION 2010 OF THE INTERNAL REVENUE CODE, THAT IS IN EFFECT AT THE DECEDENT'S DEATH. WHERE A FEDERAL ESTATE TAX RETURN IS ONLY REQUIRED TO BE FILED FOR PURPOSES OF ELECTING THE DECEASED SPOUSAL UNUSED EXCLUSION AMOUNT UNDER PARAGRAPHS (4) AND (5) OF SUBSECTION (C) OF SECTION 2010 OF THE INTERNAL REVENUE CODE, THE EXECUTOR MAY MAKE THE ELECTION REFERRED TO IN SUCH PARAGRAPH (7) WITH RESPECT TO THE TAX IMPOSED BY THIS ARTICLE ON THE RETURN OF THE TAX IMPOSED BY THIS ARTICLE, IRRESPECTIVE OF WHETHER SUCH FEDERAL RETURN IS FILED. ANY ELECTION MADE UNDER THIS SUBSECTION SHALL BE IRREVOCABLE.

(D) CROSS REFERENCES.-- FOR PROVISIONS OF THE INTERNAL REVENUE CODE SPECIFYING THE DEDUCTIONS ALLOWABLE FOR FEDERAL ESTATE TAX PURPOSES, SEE:

1 SEC.2032(B). ALTERNATE VALUATION--SPECIAL RULE FOR DEDUCTIONS.

2 SEC.2046. DISCLAIMERS.

3 SEC.2053. EXPENSES, INDEBTEDNESS, AND TAXES.

4 SEC.2054. LOSSES.

5 SEC.2055. TRANSFERS FOR PUBLIC, CHARITABLE, AND RELIGIOUS USES.

6 SEC.2056. BEQUESTS, ETC., TO SURVIVING SPOUSE.

7 S 5. Subsections (b) and (d) of section 960 of the tax law, subsection
8 (b) as amended by section 4 of part I of chapter 60 of the laws of 2004
9 and subsection (d) as added by section 190 of the laws of 1980 and
10 relettered by section 15 of part A of chapter 389 of the laws of 1997,
11 are amended to read as follows:

12 (b) Computation of tax.--The tax imposed under subsection (a) shall be
13 the same as the tax that would be due, if the decedent had died a resi-
14 dent, under subsection (a) of section nine hundred fifty-two, except
15 that for purposes of [allocating] COMPUTING the tax under subsection (b)
16 of section nine hundred fifty-two, "New York [gross] TAXABLE estate"[,
17 in the numerator in subsection (b) of section nine hundred fifty-two,]
18 shall not include the value of any intangible personal property other-
19 wise includible in the deceased individual's New York gross estate, AND
20 SHALL NOT INCLUDE THE AMOUNT OF ANY GIFT UNLESS SUCH GIFT CONSISTS OF
21 REAL OR TANGIBLE PERSONAL PROPERTY HAVING AN ACTUAL SITUS IN NEW YORK
22 STATE OR INTANGIBLE PERSONAL PROPERTY EMPLOYED IN A BUSINESS, TRADE OR
23 PROFESSION CARRIED ON IN THIS STATE.

24 (d) Works of art on loan for exhibition. Notwithstanding the forego-
25 ing, the tax imposed under subsection (a) OF THIS SECTION on the trans-
26 fer, from any deceased individual who at his OR HER death was not a
27 resident of the state of New York, of works of art having an actual
28 situs in the state of New York and either (i) includible in his OR HER
29 federal gross estate or (ii) which would be includible in his OR HER New
30 York gross estate pursuant to section nine hundred fifty-seven (relating
31 to certain limited powers of appointment) if he OR SHE were a resident
32 of the state of New York, shall [be an amount equal to the transfer
33 taxes or death taxes of every character in respect of personal property
34 which would be imposed on such transfer or such works of art if the
35 actual situs of such works of art were the state or territory of the
36 United States of residence of such individual] NOT BE SUBJECT TO THE TAX
37 IMPOSED BY THIS SECTION if such works of art are [sited in the state of
38 New York solely for exhibition purposes,] loaned [for such] TO A PUBLIC
39 GALLERY LOCATED WITHIN THE STATE OF NEW YORK SOLELY FOR EXHIBITION
40 purposes [to a public gallery or museum () BUT ONLY IF no part of the
41 net earnings of [which] SUCH PUBLIC GALLERY OR MUSEUM inure to the bene-
42 fit of any private stockholder or individual[]], and [(), at the time of
43 the death of such individual[]] SUCH WORKS OF ART ARE on exhibition or
44 en route to or from exhibition in such a public gallery or museum.
45 [Provided however, that if the state or territory of the United States
46 of residence of such individual imposes transfer taxes or death taxes on
47 such works of art which are sited in the state of New York for the
48 purposes herein specified, then such works of art shall not be subject
49 to the tax imposed by this section.]

50 S 6. Subsection (a) of section 971 of the tax law, as added by section
51 17 of part A of chapter 389 of the laws of 1997, is amended to read as
52 follows:

53 (a) Returns by executor. (1) Residents. In the case of the estate of
54 every individual dying on or after [February first, two thousand] APRIL
55 FIRST, TWO THOUSAND FOURTEEN, who at his or her death was a resident of
56 New York state, [if] his or her executor [is required to file a return

1 with respect to the federal estate tax (determined as if the limitation
2 contained in subsection (a) of section nine hundred fifty-one of this
3 article were applicable in determining whether such executor is required
4 to file such federal return), the executor] shall make a return with
5 respect to the estate tax imposed by section nine hundred fifty-two of
6 this article IF THE DECEDENT'S FEDERAL GROSS ESTATE, INCREASED BY THE
7 AMOUNT OF ANY GIFT INCLUDIBLE IN HIS OR HER NEW YORK GROSS ESTATE,
8 EXCEEDS THE BASIC EXCLUSION AMOUNT APPLICABLE TO THE DECEDENT'S DATE OF
9 DEATH IN PARAGRAPH TWO OF SUBSECTION (C) OF SECTION NINE HUNDRED FIFTY-
10 TWO OF THIS ARTICLE.

11 (2) Nonresidents. In the case of the estate of every individual DYING
12 ON OR AFTER APRIL FIRST, TWO THOUSAND FOURTEEN, who at his or her death
13 was not a resident of New York state, [if his or her executor is
14 required to file a return with respect to the federal estate tax (deter-
15 mined as if the limitation contained in subsection (a) of section nine
16 hundred fifty-one of this article were applicable in determining whether
17 such executor is required to file such federal return) and] if such
18 individual's federal gross estate includes real or tangible personal
19 property having an actual situs in New York state, the executor shall
20 make a return with respect to the estate tax imposed by section nine
21 hundred sixty of this article IF THE DECEDENT'S FEDERAL GROSS ESTATE,
22 INCREASED BY THE AMOUNT OF ANY GIFT INCLUDIBLE IN HIS OR HER NEW YORK
23 GROSS ESTATE, EXCEEDS THE BASIC EXCLUSION AMOUNT APPLICABLE TO THE
24 DECEDENT'S DATE OF DEATH IN PARAGRAPH TWO OF SUBSECTION (C) OF SECTION
25 NINE HUNDRED FIFTY-TWO OF THIS ARTICLE.

26 S 7. Subsection (a) of section 997 of the tax law, as amended by
27 section 27 of part A of chapter 389 of the laws of 1997, is amended to
28 read as follows:

29 (a) The phrase "adjusted gross estate" shall be read as "adjusted
30 federal gross estate determined without reference to paragraphs (1)
31 [and], (2) AND (3) of subsection (a) of section nine hundred fifty-four"
32 of this article.

33 S 8. Article 26-B of the tax law is REPEALED.

34 S 9. Section 2 of chapter 1013 of the laws of 1962 amending the tax
35 law relating to imposing a tax on the transfer of estates of decedents
36 dying on or after April first, nineteen hundred sixty-three is REPEALED.

37 S 10. The tax law is amended by adding a new section 999-a to read as
38 follows:

39 S 999-A. APPENDIX TO ARTICLE TWENTY-SIX. THE FOLLOWING PROVISIONS OF
40 THE UNITED STATES INTERNAL REVENUE CODE OF 1986, WITH ALL AMENDMENTS
41 ENACTED ON OR BEFORE JANUARY FIRST, TWO THOUSAND FOURTEEN, SHALL APPLY
42 TO THE TAX IMPOSED BY THIS ARTICLE, TO THE EXTENT SPECIFIED IN THIS
43 ARTICLE.

44 S 2031. DEFINITION OF GROSS ESTATE.

45 (A) GENERAL.--THE VALUE OF THE GROSS ESTATE OF THE DECEDENT SHALL BE
46 DETERMINED BY INCLUDING TO THE EXTENT PROVIDED FOR IN THIS PART, THE
47 VALUE AT THE TIME OF HIS DEATH OF ALL PROPERTY, REAL OR PERSONAL, TANGI-
48 BLE OR INTANGIBLE, WHEREVER SITUATED.

49 (B) VALUATION OF UNLISTED STOCK AND SECURITIES.--IN THE CASE OF STOCK
50 AND SECURITIES OF A CORPORATION THE VALUE OF WHICH, BY REASON OF THEIR
51 NOT BEING LISTED ON AN EXCHANGE AND BY REASON OF THE ABSENCE OF SALES
52 THEREOF, CANNOT BE DETERMINED WITH REFERENCE TO BID AND ASKED PRICES OR
53 WITH REFERENCE TO SALES PRICES, THE VALUE THEREOF SHALL BE DETERMINED BY
54 TAKING INTO CONSIDERATION, IN ADDITION TO ALL OTHER FACTORS, THE VALUE
55 OF STOCK OR SECURITIES OF CORPORATIONS ENGAGED IN THE SAME OR A SIMILAR
56 LINE OF BUSINESS WHICH ARE LISTED ON AN EXCHANGE.

(C) ESTATE TAX WITH RESPECT TO LAND SUBJECT TO A QUALIFIED CONSERVATION EASEMENT.--

(1) IN GENERAL.--IF THE EXECUTOR MAKES THE ELECTION DESCRIBED IN PARAGRAPH (6), THEN, EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, THERE SHALL BE EXCLUDED FROM THE GROSS ESTATE THE LESSER OF--

(A) THE APPLICABLE PERCENTAGE OF THE VALUE OF LAND SUBJECT TO A QUALIFIED CONSERVATION EASEMENT, REDUCED BY THE AMOUNT OF ANY DEDUCTION UNDER SECTION 2055(F) WITH RESPECT TO SUCH LAND, OR

(B) THE EXCLUSION LIMITATION.

(2) APPLICABLE PERCENTAGE.--FOR PURPOSES OF PARAGRAPH (1), THE TERM "APPLICABLE PERCENTAGE" MEANS 40 PERCENT REDUCED (BUT NOT BELOW ZERO) BY 2 PERCENTAGE POINTS FOR EACH PERCENTAGE POINT (OR FRACTION THEREOF) BY WHICH THE VALUE OF THE QUALIFIED CONSERVATION EASEMENT IS LESS THAN 30 PERCENT OF THE VALUE OF THE LAND (DETERMINED WITHOUT REGARD TO THE VALUE OF SUCH EASEMENT AND REDUCED BY THE VALUE OF ANY RETAINED DEVELOPMENT RIGHT (AS DEFINED IN PARAGRAPH (5))). THE VALUES TAKEN INTO ACCOUNT UNDER THE PRECEDING SENTENCE SHALL BE SUCH VALUES AS OF THE DATE OF THE CONTRIBUTION REFERRED TO IN PARAGRAPH (8)(B).

(3) EXCLUSION LIMITATION.--FOR PURPOSES OF PARAGRAPH (1), THE EXCLUSION LIMITATION IS THE LIMITATION DETERMINED IN ACCORDANCE WITH THE FOLLOWING TABLE:

IN THE CASE OF ESTATES OF DECEDENTS DYING THE EXCLUSION LIMITATION DURING: IS:

1998.....	100,000
1999.....	200,000
2000.....	300,000
2001.....	400,000
2002 OR THEREAFTER.....	500,000

(4) TREATMENT OF CERTAIN INDEBTEDNESS.--

(A) IN GENERAL.--THE EXCLUSION PROVIDED IN PARAGRAPH (1) SHALL NOT APPLY TO THE EXTENT THAT THE LAND IS DEBT-FINANCED PROPERTY.

(B) DEFINITIONS.--FOR PURPOSES OF THIS PARAGRAPH--

(I) DEBT-FINANCED PROPERTY.--THE TERM "DEBT-FINANCED PROPERTY" MEANS ANY PROPERTY WITH RESPECT TO WHICH THERE IS AN ACQUISITION INDEBTEDNESS (AS DEFINED IN CLAUSE (II)) ON THE DATE OF THE DECEDENT'S DEATH.

(II) ACQUISITION INDEBTEDNESS.--THE TERM "ACQUISITION INDEBTEDNESS" MEANS, WITH RESPECT TO DEBT-FINANCED PROPERTY, THE UNPAID AMOUNT OF--

(I) THE INDEBTEDNESS INCURRED BY THE DONOR IN ACQUIRING SUCH PROPERTY,

(II) THE INDEBTEDNESS INCURRED BEFORE THE ACQUISITION OF SUCH PROPERTY IF SUCH INDEBTEDNESS WOULD NOT HAVE BEEN INCURRED BUT FOR SUCH ACQUISITION,

(III) THE INDEBTEDNESS INCURRED AFTER THE ACQUISITION OF SUCH PROPERTY IF SUCH INDEBTEDNESS WOULD NOT HAVE BEEN INCURRED BUT FOR SUCH ACQUISITION AND THE INCURRENCE OF SUCH INDEBTEDNESS WAS REASONABLY FORESEEABLE AT THE TIME OF SUCH ACQUISITION, AND

(IV) THE EXTENSION, RENEWAL, OR REFINANCING OF AN ACQUISITION INDEBTEDNESS.

(5) TREATMENT OF RETAINED DEVELOPMENT RIGHT.--

(A) IN GENERAL.--PARAGRAPH (1) SHALL NOT APPLY TO THE VALUE OF ANY DEVELOPMENT RIGHT RETAINED BY THE DONOR IN THE CONVEYANCE OF A QUALIFIED CONSERVATION EASEMENT.

(B) TERMINATION OF RETAINED DEVELOPMENT RIGHT.--IF EVERY PERSON IN BEING WHO HAS AN INTEREST (WHETHER OR NOT IN POSSESSION) IN THE LAND EXECUTES AN AGREEMENT TO EXTINGUISH PERMANENTLY SOME OR ALL OF ANY DEVELOPMENT RIGHTS (AS DEFINED IN SUBPARAGRAPH (D)) RETAINED BY THE DONOR ON OR BEFORE THE DATE FOR FILING THE RETURN OF THE TAX IMPOSED BY

SECTION 2001, THEN ANY TAX IMPOSED BY SECTION 2001 SHALL BE REDUCED ACCORDINGLY. SUCH AGREEMENT SHALL BE FILED WITH THE RETURN OF THE TAX IMPOSED BY SECTION 2001. THE AGREEMENT SHALL BE IN SUCH FORM AS THE SECRETARY SHALL PRESCRIBE.

(C) ADDITIONAL TAX.--ANY FAILURE TO IMPLEMENT THE AGREEMENT DESCRIBED IN SUBPARAGRAPH (B) NOT LATER THAN THE EARLIER OF--

(I) THE DATE WHICH IS 2 YEARS AFTER THE DATE OF THE DECEDENT'S DEATH, OR

(II) THE DATE OF THE SALE OF SUCH LAND SUBJECT TO THE QUALIFIED CONSERVATION EASEMENT,

SHALL RESULT IN THE IMPOSITION OF AN ADDITIONAL TAX IN THE AMOUNT OF THE TAX WHICH WOULD HAVE BEEN DUE ON THE RETAINED DEVELOPMENT RIGHTS SUBJECT TO SUCH AGREEMENT. SUCH ADDITIONAL TAX SHALL BE DUE AND PAYABLE ON THE LAST DAY OF THE 6TH MONTH FOLLOWING SUCH DATE.

(D) DEVELOPMENT RIGHT DEFINED.--FOR PURPOSES OF THIS PARAGRAPH, THE TERM "DEVELOPMENT RIGHT" MEANS ANY RIGHT TO USE THE LAND SUBJECT TO THE QUALIFIED CONSERVATION EASEMENT IN WHICH SUCH RIGHT IS RETAINED FOR ANY COMMERCIAL PURPOSE WHICH IS NOT SUBORDINATE TO AND DIRECTLY SUPPORTIVE OF THE USE OF SUCH LAND AS A FARM FOR FARMING PURPOSES (WITHIN THE MEANING OF SECTION 2032A(E)(5)).

(6) ELECTION.--THE ELECTION UNDER THIS SUBSECTION SHALL BE MADE ON OR BEFORE THE DUE DATE (INCLUDING EXTENSIONS) FOR FILING THE RETURN OF TAX IMPOSED BY SECTION 2001 AND SHALL BE MADE ON SUCH RETURN. SUCH AN ELECTION, ONCE MADE, SHALL BE IRREVOCABLE.

(7) CALCULATION OF ESTATE TAX DUE.--AN EXECUTOR MAKING THE ELECTION DESCRIBED IN PARAGRAPH (6) SHALL, FOR PURPOSES OF CALCULATING THE AMOUNT OF TAX IMPOSED BY SECTION 2001, INCLUDE THE VALUE OF ANY DEVELOPMENT RIGHT (AS DEFINED IN PARAGRAPH (5)) RETAINED BY THE DONOR IN THE CONVEYANCE OF SUCH QUALIFIED CONSERVATION EASEMENT. THE COMPUTATION OF TAX ON ANY RETAINED DEVELOPMENT RIGHT PRESCRIBED IN THIS PARAGRAPH SHALL BE DONE IN SUCH MANNER AND ON SUCH FORMS AS THE SECRETARY SHALL PRESCRIBE.

(8) DEFINITIONS.--FOR PURPOSES OF THIS SUBSECTION--

(A) LAND SUBJECT TO A QUALIFIED CONSERVATION EASEMENT.--THE TERM "LAND SUBJECT TO A QUALIFIED CONSERVATION EASEMENT" MEANS LAND--

(I) WHICH IS LOCATED IN THE UNITED STATES OR ANY POSSESSION OF THE UNITED STATES,

(II) WHICH WAS OWNED BY THE DECEDENT OR A MEMBER OF THE DECEDENT'S FAMILY AT ALL TIMES DURING THE 3-YEAR PERIOD ENDING ON THE DATE OF THE DECEDENT'S DEATH, AND

(III) WITH RESPECT TO WHICH A QUALIFIED CONSERVATION EASEMENT HAS BEEN MADE BY AN INDIVIDUAL DESCRIBED IN SUBPARAGRAPH (C), AS OF THE DATE OF THE ELECTION DESCRIBED IN PARAGRAPH (6).

(B) QUALIFIED CONSERVATION EASEMENT.--THE TERM "QUALIFIED CONSERVATION EASEMENT" MEANS A QUALIFIED CONSERVATION CONTRIBUTION (AS DEFINED IN SECTION 170(H)(1)) OF A QUALIFIED REAL PROPERTY INTEREST (AS DEFINED IN SECTION 170(H)(2)(C)), EXCEPT THAT CLAUSE (IV) OF SECTION 170(H)(4)(A) SHALL NOT APPLY, AND THE RESTRICTION ON THE USE OF SUCH INTEREST DESCRIBED IN SECTION 170(H)(2)(C) SHALL INCLUDE A PROHIBITION ON MORE THAN A DE MINIMIS USE FOR A COMMERCIAL RECREATIONAL ACTIVITY.

(C) INDIVIDUAL DESCRIBED.--AN INDIVIDUAL IS DESCRIBED IN THIS SUBPARAGRAPH IF SUCH INDIVIDUAL IS--

(I) THE DECEDENT,

(II) A MEMBER OF THE DECEDENT'S FAMILY,

(III) THE EXECUTOR OF THE DECEDENT'S ESTATE, OR

(IV) THE TRUSTEE OF A TRUST THE CORPUS OF WHICH INCLUDES THE LAND TO BE SUBJECT TO THE QUALIFIED CONSERVATION EASEMENT.

(D) MEMBER OF FAMILY.--THE TERM "MEMBER OF THE DECEDENT'S FAMILY" MEANS ANY MEMBER OF THE FAMILY (AS DEFINED IN SECTION 2032A(E)(2)) OF THE DECEDENT.

(9) TREATMENT OF EASEMENTS GRANTED AFTER DEATH.--IN ANY CASE IN WHICH THE QUALIFIED CONSERVATION EASEMENT IS GRANTED AFTER THE DATE OF THE DECEDENT'S DEATH AND ON OR BEFORE THE DUE DATE (INCLUDING EXTENSIONS) FOR FILING THE RETURN OF TAX IMPOSED BY SECTION 2001, THE DEDUCTION UNDER SECTION 2055(F) WITH RESPECT TO SUCH EASEMENT SHALL BE ALLOWED TO THE ESTATE BUT ONLY IF NO CHARITABLE DEDUCTION IS ALLOWED UNDER CHAPTER 1 TO ANY PERSON WITH RESPECT TO THE GRANT OF SUCH EASEMENT.

(10) APPLICATION OF THIS SECTION TO INTERESTS IN PARTNERSHIPS, CORPORATIONS, AND TRUSTS.--THIS SECTION SHALL APPLY TO AN INTEREST IN A PARTNERSHIP, CORPORATION, OR TRUST IF AT LEAST 30 PERCENT OF THE ENTITY IS OWNED (DIRECTLY OR INDIRECTLY) BY THE DECEDENT, AS DETERMINED UNDER THE RULES DESCRIBED IN SECTION 2057(E)(3).

(D) CROSS REFERENCE.--

FOR EXECUTOR'S RIGHT TO BE FURNISHED ON REQUEST A STATEMENT REGARDING ANY VALUATION MADE BY THE SECRETARY WITHIN THE GROSS ESTATE, SEE SECTION 7517.

S 2032. ALTERNATE VALUATION.

(A) GENERAL.--THE VALUE OF THE GROSS ESTATE MAY BE DETERMINED, IF THE EXECUTOR SO ELECTS, BY VALUING ALL THE PROPERTY INCLUDED IN THE GROSS ESTATE AS FOLLOWS:

(1) IN THE CASE OF PROPERTY DISTRIBUTED, SOLD, EXCHANGED, OR OTHERWISE DISPOSED OF, WITHIN 6 MONTHS AFTER THE DECEDENT'S DEATH SUCH PROPERTY SHALL BE VALUED AS OF THE DATE OF DISTRIBUTION, SALE, EXCHANGE, OR OTHER DISPOSITION.

(2) IN THE CASE OF PROPERTY NOT DISTRIBUTED, SOLD, EXCHANGED, OR OTHERWISE DISPOSED OF, WITHIN 6 MONTHS AFTER THE DECEDENT'S DEATH SUCH PROPERTY SHALL BE VALUED AS OF THE DATE 6 MONTHS AFTER THE DECEDENT'S DEATH.

(3) ANY INTEREST OR ESTATE WHICH IS AFFECTED BY MERE LAPSE OF TIME SHALL BE INCLUDED AT ITS VALUE AS OF THE TIME OF DEATH (INSTEAD OF THE LATER DATE) WITH ADJUSTMENT FOR ANY DIFFERENCE IN ITS VALUE AS OF THE LATER DATE NOT DUE TO MERE LAPSE OF TIME.

(B) SPECIAL RULES.--NO DEDUCTION UNDER THIS CHAPTER OF ANY ITEM SHALL BE ALLOWED IF ALLOWANCE FOR SUCH ITEMS IS IN EFFECT GIVEN BY THE ALTERNATE VALUATION PROVIDED BY THIS SECTION. WHEREVER IN ANY OTHER SUBSECTION OR SECTION OF THIS CHAPTER REFERENCE IS MADE TO THE VALUE OF PROPERTY AT THE TIME OF THE DECEDENT'S DEATH, SUCH REFERENCE SHALL BE DEEMED TO REFER TO THE VALUE OF SUCH PROPERTY USED IN DETERMINING THE VALUE OF THE GROSS ESTATE. IN CASE OF AN ELECTION MADE BY THE EXECUTOR UNDER THIS SECTION, THEN--

(1) FOR PURPOSES OF THE CHARITABLE DEDUCTION UNDER SECTION 2055 OR 2106(A)(2), ANY BEQUEST, LEGACY, DEVISE, OR TRANSFER ENUMERATED THEREIN, AND

(2) FOR THE PURPOSE OF THE MARITAL DEDUCTION UNDER SECTION 2056, ANY INTEREST IN PROPERTY PASSING TO THE SURVIVING SPOUSE,

SHALL BE VALUED AS OF THE DATE OF THE DECEDENT'S DEATH WITH ADJUSTMENT FOR ANY DIFFERENCE IN VALUE (NOT DUE TO MERE LAPSE OF TIME OR THE OCCURRENCE OR NONOCCURRENCE OF A CONTINGENCY) OF THE PROPERTY AS OF THE DATE 6 MONTHS AFTER THE DECEDENT'S DEATH (SUBSTITUTING, IN THE CASE OF PROPERTY DISTRIBUTED BY THE EXECUTOR OR TRUSTEE, OR SOLD, EXCHANGED, OR OTHERWISE DISPOSED OF, DURING SUCH 6-MONTH PERIOD, THE DATE THEREOF).

(C) ELECTION MUST DECREASE GROSS ESTATE AND ESTATE TAX.--NO ELECTION MAY BE MADE UNDER THIS SECTION WITH RESPECT TO AN ESTATE UNLESS SUCH ELECTION WILL DECREASE--

(1) THE VALUE OF THE GROSS ESTATE, AND

(2) THE SUM OF THE TAX IMPOSED BY THIS CHAPTER AND THE TAX IMPOSED BY CHAPTER 13 WITH RESPECT TO PROPERTY INCLUDIBLE IN THE DECEDENT'S GROSS ESTATE (REDUCED BY CREDITS ALLOWABLE AGAINST SUCH TAXES).

(D) ELECTION.--

(1) IN GENERAL.--THE ELECTION PROVIDED FOR IN THIS SECTION SHALL BE MADE BY THE EXECUTOR ON THE RETURN OF THE TAX IMPOSED BY THIS CHAPTER. SUCH ELECTION, ONCE MADE, SHALL BE IRREVOCABLE.

(2) EXCEPTION.--NO ELECTION MAY BE MADE UNDER THIS SECTION IF SUCH RETURN IS FILED MORE THAN 1 YEAR AFTER THE TIME PRESCRIBED BY LAW (INCLUDING EXTENSIONS) FOR FILING SUCH RETURN.

S 2032A. VALUATION OF CERTAIN FARM, ETC., REAL PROPERTY.

(A) VALUE BASED ON USE UNDER WHICH PROPERTY QUALIFIES.--

(1) GENERAL RULE.--IF--

(A) THE DECEDENT WAS (AT THE TIME OF HIS DEATH) A CITIZEN OR RESIDENT OF THE UNITED STATES, AND

(B) THE EXECUTOR ELECTS THE APPLICATION OF THIS SECTION AND FILES THE AGREEMENT REFERRED TO IN SUBSECTION (D)(2),

THEN, FOR PURPOSES OF THIS CHAPTER, THE VALUE OF QUALIFIED REAL PROPERTY SHALL BE ITS VALUE FOR THE USE UNDER WHICH IT QUALIFIES, UNDER SUBSECTION (B), AS QUALIFIED REAL PROPERTY.

(2) LIMITATION ON AGGREGATE REDUCTION IN FAIR MARKET VALUE.--THE AGGREGATE DECREASE IN THE VALUE OF QUALIFIED REAL PROPERTY TAKEN INTO ACCOUNT FOR PURPOSES OF THIS CHAPTER WHICH RESULTS FROM THE APPLICATION OF PARAGRAPH (1) WITH RESPECT TO ANY DECEDENT SHALL NOT EXCEED \$750,000.

(3) INFLATION ADJUSTMENT.--IN THE CASE OF ESTATES OF DECEDENTS DYING IN A CALENDAR YEAR AFTER 1998, THE \$750,000 AMOUNT CONTAINED IN PARAGRAPH (2) SHALL BE INCREASED BY AN AMOUNT EQUAL TO--

(A) \$750,000, MULTIPLIED BY

(B) THE COST-OF-LIVING ADJUSTMENT DETERMINED UNDER SECTION 1(F)(3) FOR SUCH CALENDAR YEAR BY SUBSTITUTING "CALENDAR YEAR 1997" FOR "CALENDAR YEAR 1992" IN SUBPARAGRAPH (B) THEREOF.

IF ANY AMOUNT AS ADJUSTED UNDER THE PRECEDING SENTENCE IS NOT A MULTIPLE OF \$10,000, SUCH AMOUNT SHALL BE ROUNDED TO THE NEXT LOWEST MULTIPLE OF \$10,000.

(B) QUALIFIED REAL PROPERTY.--

(1) IN GENERAL.--FOR PURPOSES OF THIS SECTION, THE TERM "QUALIFIED REAL PROPERTY" MEANS REAL PROPERTY LOCATED IN THE UNITED STATES WHICH WAS ACQUIRED FROM OR PASSED FROM THE DECEDENT TO A QUALIFIED HEIR OF THE DECEDENT AND WHICH, ON THE DATE OF THE DECEDENT'S DEATH, WAS BEING USED FOR A QUALIFIED USE BY THE DECEDENT OR A MEMBER OF THE DECEDENT'S FAMILY, BUT ONLY IF--

(A) 50 PERCENT OR MORE OF THE ADJUSTED VALUE OF THE GROSS ESTATE CONSISTS OF THE ADJUSTED VALUE OF REAL OR PERSONAL PROPERTY WHICH--

(I) ON THE DATE OF THE DECEDENT'S DEATH, WAS BEING USED FOR A QUALIFIED USE BY THE DECEDENT OR A MEMBER OF THE DECEDENT'S FAMILY, AND

(II) WAS ACQUIRED FROM OR PASSED FROM THE DECEDENT TO A QUALIFIED HEIR OF THE DECEDENT.

(B) 25 PERCENT OR MORE OF THE ADJUSTED VALUE OF THE GROSS ESTATE CONSISTS OF THE ADJUSTED VALUE OF REAL PROPERTY WHICH MEETS THE REQUIREMENTS OF SUBPARAGRAPHS (A)(II) AND (C),

(C) DURING THE 8-YEAR PERIOD ENDING ON THE DATE OF THE DECEDENT'S DEATH THERE HAVE BEEN PERIODS AGGREGATING 5 YEARS OR MORE DURING WHICH--

1 (I) SUCH REAL PROPERTY WAS OWNED BY THE DECEDENT OR A MEMBER OF THE
2 DECEDENT'S FAMILY AND USED FOR A QUALIFIED USE BY THE DECEDENT OR A
3 MEMBER OF THE DECEDENT'S FAMILY, AND

4 (II) THERE WAS MATERIAL PARTICIPATION BY THE DECEDENT OR A MEMBER OF
5 THE DECEDENT'S FAMILY IN THE OPERATION OF THE FARM OR OTHER BUSINESS,
6 AND

7 (D) SUCH REAL PROPERTY IS DESIGNATED IN THE AGREEMENT REFERRED TO IN
8 SUBSECTION (D)(2).

9 (2) QUALIFIED USE.--FOR PURPOSES OF THIS SECTION, THE TERM "QUALIFIED
10 USE" MEANS THE DEVOTION OF THE PROPERTY TO ANY OF THE FOLLOWING:

11 (A) USE AS A FARM FOR FARMING PURPOSES, OR

12 (B) USE IN A TRADE OR BUSINESS OTHER THAN THE TRADE OR BUSINESS OF
13 FARMING.

14 (3) ADJUSTED VALUE.--FOR PURPOSES OF PARAGRAPH (1), THE TERM "ADJUSTED
15 VALUE" MEANS--

16 (A) IN THE CASE OF THE GROSS ESTATE, THE VALUE OF THE GROSS ESTATE FOR
17 PURPOSES OF THIS CHAPTER (DETERMINED WITHOUT REGARD TO THIS SECTION),
18 REDUCED BY ANY AMOUNTS ALLOWABLE AS A DEDUCTION UNDER PARAGRAPH (4) OF
19 SECTION 2053(A), OR

20 (B) IN THE CASE OF ANY REAL OR PERSONAL PROPERTY, THE VALUE OF SUCH
21 PROPERTY FOR PURPOSES OF THIS CHAPTER (DETERMINED WITHOUT REGARD TO THIS
22 SECTION), REDUCED BY ANY AMOUNTS ALLOWABLE AS A DEDUCTION IN RESPECT OF
23 SUCH PROPERTY UNDER PARAGRAPH (4) OF SECTION 2053(A).

24 (4) DECEDENTS WHO ARE RETIRED OR DISABLED.--

25 (A) IN GENERAL.--IF, ON THE DATE OF THE DECEDENT'S DEATH, THE REQUIRE-
26 MENTS OF PARAGRAPH (1)(C)(II) WITH RESPECT TO THE DECEDENT FOR ANY PROP-
27 erty ARE NOT MET, AND THE DECEDENT--

28 (I) WAS RECEIVING OLD-AGE BENEFITS UNDER TITLE II OF THE SOCIAL SECU-
29 RITY ACT FOR A CONTINUOUS PERIOD ENDING ON SUCH DATE, OR

30 (II) WAS DISABLED FOR A CONTINUOUS PERIOD ENDING ON SUCH DATE,
31 THEN PARAGRAPH (1)(C)(II) SHALL BE APPLIED WITH RESPECT TO SUCH PROP-
32 erty BY SUBSTITUTING "THE DATE ON WHICH THE LONGER OF SUCH CONTINUOUS
33 PERIODS BEGAN" FOR "THE DATE OF THE DECEDENT'S DEATH" IN PARAGRAPH
34 (1)(C).

35 (B) DISABLED DEFINED.--FOR PURPOSES OF SUBPARAGRAPH (A), AN INDIVIDUAL
36 SHALL BE DISABLED IF SUCH INDIVIDUAL HAS A MENTAL OR PHYSICAL IMPAIRMENT
37 WHICH RENDERS HIM UNABLE TO MATERIALLY PARTICIPATE IN THE OPERATION OF
38 THE FARM OR OTHER BUSINESS.

39 (C) COORDINATION WITH RECAPTURE.--FOR PURPOSES OF SUBSECTION
40 (C)(6)(B)(I), IF THE REQUIREMENTS OF PARAGRAPH (1)(C)(II) ARE MET WITH
41 RESPECT TO ANY DECEDENT BY REASON OF SUBPARAGRAPH (A), THE PERIOD ENDING
42 ON THE DATE ON WHICH THE CONTINUOUS PERIOD TAKEN INTO ACCOUNT UNDER
43 SUBPARAGRAPH (A) BEGAN SHALL BE TREATED AS THE PERIOD IMMEDIATELY BEFORE
44 THE DECEDENT'S DEATH.

45 (5) SPECIAL RULES FOR SURVIVING SPOUSES.--

46 (A) IN GENERAL.--IF PROPERTY IS QUALIFIED REAL PROPERTY WITH RESPECT
47 TO A DECEDENT (HEREINAFTER IN THIS PARAGRAPH REFERRED TO AS THE "FIRST
48 DECEDENT") AND SUCH PROPERTY WAS ACQUIRED FROM OR PASSED FROM THE FIRST
49 DECEDENT TO THE SURVIVING SPOUSE OF THE FIRST DECEDENT, FOR PURPOSES OF
50 APPLYING THIS SUBSECTION AND SUBSECTION (C) IN THE CASE OF THE ESTATE OF
51 SUCH SURVIVING SPOUSE, ACTIVE MANAGEMENT OF THE FARM OR OTHER BUSINESS
52 BY THE SURVIVING SPOUSE SHALL BE TREATED AS MATERIAL PARTICIPATION BY
53 SUCH SURVIVING SPOUSE IN THE OPERATION OF SUCH FARM OR BUSINESS.

54 (B) SPECIAL RULE.--FOR THE PURPOSES OF SUBPARAGRAPH (A), THE DETERMI-
55 NATION OF WHETHER PROPERTY IS QUALIFIED REAL PROPERTY WITH RESPECT TO
56 THE FIRST DECEDENT SHALL BE MADE WITHOUT REGARD TO SUBPARAGRAPH (D) OF

1 PARAGRAPH (1) AND WITHOUT REGARD TO WHETHER AN ELECTION UNDER THIS
2 SECTION WAS MADE.

3 (C) COORDINATION WITH PARAGRAPH (4).--IN ANY CASE IN WHICH TO DO SO
4 WILL ENABLE THE REQUIREMENTS OF PARAGRAPH (1)(C)(II) TO BE MET WITH
5 RESPECT TO THE SURVIVING SPOUSE, THIS SUBSECTION AND SUBSECTION (C)
6 SHALL BE APPLIED BY TAKING INTO ACCOUNT ANY APPLICATION OF PARAGRAPH
7 (4).

8 (C) TAX TREATMENT OF DISPOSITIONS AND FAILURES TO USE FOR QUALIFIED
9 USE.--

10 (1) IMPOSITION OF ADDITIONAL ESTATE TAX.--IF, WITHIN 10 YEARS AFTER
11 THE DECEDENT'S DEATH AND BEFORE THE DEATH OF THE QUALIFIED HEIR--

12 (A) THE QUALIFIED HEIR DISPOSES OF ANY INTEREST IN QUALIFIED REAL
13 PROPERTY (OTHER THAN BY A DISPOSITION TO A MEMBER OF HIS FAMILY), OR

14 (B) THE QUALIFIED HEIR CEASES TO USE FOR THE QUALIFIED USE THE QUALI-
15 FIED REAL PROPERTY WHICH WAS ACQUIRED (OR PASSED) FROM THE DECEDENT,
16 THEN, THERE IS HEREBY IMPOSED AN ADDITIONAL ESTATE TAX.

17 (2) AMOUNT OF ADDITIONAL TAX.--

18 (A) IN GENERAL.--THE AMOUNT OF THE ADDITIONAL TAX IMPOSED BY PARAGRAPH
19 (1) WITH RESPECT TO ANY INTEREST SHALL BE THE AMOUNT EQUAL TO THE LESSER
20 OF--

21 (I) THE ADJUSTED TAX DIFFERENCE ATTRIBUTABLE TO SUCH INTEREST, OR

22 (II) THE EXCESS OF THE AMOUNT REALIZED WITH RESPECT TO THE INTEREST
23 (OR, IN ANY CASE OTHER THAN A SALE OR EXCHANGE AT ARM'S LENGTH, THE FAIR
24 MARKET VALUE OF THE INTEREST) OVER THE VALUE OF THE INTEREST DETERMINED
25 UNDER SUBSECTION (A).

26 (B) ADJUSTED TAX DIFFERENCE ATTRIBUTABLE TO INTEREST.--FOR PURPOSES OF
27 SUBPARAGRAPH (A), THE ADJUSTED TAX DIFFERENCE ATTRIBUTABLE TO AN INTER-
28 EST IS THE AMOUNT WHICH BEARS THE SAME RATIO TO THE ADJUSTED TAX DIFFER-
29 ENCE WITH RESPECT TO THE ESTATE (DETERMINED UNDER SUBPARAGRAPH (C)) AS--

30 (I) THE EXCESS OF THE VALUE OF SUCH INTEREST FOR PURPOSES OF THIS
31 CHAPTER (DETERMINED WITHOUT REGARD TO SUBSECTION (A)) OVER THE VALUE OF
32 SUCH INTEREST DETERMINED UNDER SUBSECTION (A), BEARS TO

33 (II) A SIMILAR EXCESS DETERMINED FOR ALL QUALIFIED REAL PROPERTY.

34 (C) ADJUSTED TAX DIFFERENCE WITH RESPECT TO THE ESTATE.--FOR PURPOSES
35 OF SUBPARAGRAPH (B), THE TERM "ADJUSTED TAX DIFFERENCE WITH RESPECT TO
36 THE ESTATE" MEANS THE EXCESS OF WHAT WOULD HAVE BEEN THE ESTATE TAX
37 LIABILITY BUT FOR SUBSECTION (A) OVER THE ESTATE TAX LIABILITY. FOR
38 PURPOSES OF THIS SUBPARAGRAPH, THE TERM "ESTATE TAX LIABILITY" MEANS THE
39 TAX IMPOSED BY SECTION 2001 REDUCED BY THE CREDITS ALLOWABLE AGAINST
40 SUCH TAX.

41 (D) PARTIAL DISPOSITIONS.--FOR PURPOSES OF THIS PARAGRAPH, WHERE THE
42 QUALIFIED HEIR DISPOSES OF A PORTION OF THE INTEREST ACQUIRED BY (OR
43 PASSING TO) SUCH HEIR (OR A PREDECESSOR QUALIFIED HEIR) OR THERE IS A
44 CESSATION OF USE OF SUCH A PORTION--

45 (I) THE VALUE DETERMINED UNDER SUBSECTION (A) TAKEN INTO ACCOUNT UNDER
46 SUBPARAGRAPH (A)(II) WITH RESPECT TO SUCH PORTION SHALL BE ITS PRO RATA
47 SHARE OF SUCH VALUE OF SUCH INTEREST, AND

48 (II) THE ADJUSTED TAX DIFFERENCE ATTRIBUTABLE TO THE INTEREST TAKEN
49 INTO ACCOUNT WITH RESPECT TO THE TRANSACTION INVOLVING THE SECOND OR ANY
50 SUCCEEDING PORTION SHALL BE REDUCED BY THE AMOUNT OF THE TAX IMPOSED BY
51 THIS SUBSECTION WITH RESPECT TO ALL PRIOR TRANSACTIONS INVOLVING
52 PORTIONS OF SUCH INTEREST.

53 (E) SPECIAL RULE FOR DISPOSITION OF TIMBER.--IN THE CASE OF QUALIFIED
54 WOODLAND TO WHICH AN ELECTION UNDER SUBSECTION (E)(13)(A) APPLIES, IF
55 THE QUALIFIED HEIR DISPOSES OF (OR SEVERS) ANY STANDING TIMBER ON SUCH
56 QUALIFIED WOODLAND--

(I) SUCH DISPOSITION (OR SEVERANCE) SHALL BE TREATED AS A DISPOSITION OF A PORTION OF THE INTEREST OF THE QUALIFIED HEIR IN SUCH PROPERTY, AND

(II) THE AMOUNT OF THE ADDITIONAL TAX IMPOSED BY PARAGRAPH (1) WITH RESPECT TO SUCH DISPOSITION SHALL BE AN AMOUNT EQUAL TO THE LESSER OF--

(I) THE AMOUNT REALIZED ON SUCH DISPOSITION (OR, IN ANY CASE OTHER THAN A SALE OR EXCHANGE AT ARM'S LENGTH, THE FAIR MARKET VALUE OF THE PORTION OF THE INTEREST DISPOSED OR SEVERED), OR

(II) THE AMOUNT OF ADDITIONAL TAX DETERMINED UNDER THIS PARAGRAPH (WITHOUT REGARD TO THIS SUBPARAGRAPH) IF THE ENTIRE INTEREST OF THE QUALIFIED HEIR IN THE QUALIFIED WOODLAND HAD BEEN DISPOSED OF, LESS THE SUM OF THE AMOUNT OF THE ADDITIONAL TAX IMPOSED WITH RESPECT TO ALL PRIOR TRANSACTIONS INVOLVING SUCH WOODLAND TO WHICH THIS SUBPARAGRAPH APPLIED.

FOR PURPOSES OF THE PRECEDING SENTENCE, THE DISPOSITION OF A RIGHT TO SEVER SHALL BE TREATED AS THE DISPOSITION OF THE STANDING TIMBER. THE AMOUNT OF ADDITIONAL TAX IMPOSED UNDER PARAGRAPH (1) IN ANY CASE IN WHICH A QUALIFIED HEIR DISPOSES OF HIS ENTIRE INTEREST IN THE QUALIFIED WOODLAND SHALL BE REDUCED BY ANY AMOUNT DETERMINED UNDER THIS SUBPARAGRAPH WITH RESPECT TO SUCH WOODLAND.

(3) ONLY 1 ADDITIONAL TAX IMPOSED WITH RESPECT TO ANY 1 PORTION.--IN THE CASE OF AN INTEREST ACQUIRED FROM (OR PASSING FROM) ANY DECEDENT, IF SUBPARAGRAPH (A) OR (B) OF PARAGRAPH (1) APPLIES TO ANY PORTION OF AN INTEREST, SUBPARAGRAPH (B) OR (A), AS THE CASE MAY BE, OF PARAGRAPH (1) SHALL NOT APPLY WITH RESPECT TO THE SAME PORTION OF SUCH INTEREST.

(4) DUE DATE.--THE ADDITIONAL TAX IMPOSED BY THIS SUBSECTION SHALL BECOME DUE AND PAYABLE ON THE DAY WHICH IS 6 MONTHS AFTER THE DATE OF THE DISPOSITION OR CESSATION REFERRED TO IN PARAGRAPH (1).

(5) LIABILITY FOR TAX; FURNISHING OF BOND.--THE QUALIFIED HEIR SHALL BE PERSONALLY LIABLE FOR THE ADDITIONAL TAX IMPOSED BY THIS SUBSECTION WITH RESPECT TO HIS INTEREST UNLESS THE HEIR HAS FURNISHED BOND WHICH MEETS THE REQUIREMENTS OF SUBSECTION (E)(11).

(6) CESSATION OF QUALIFIED USE.--FOR PURPOSES OF PARAGRAPH (1)(B), REAL PROPERTY SHALL CEASE TO BE USED FOR THE QUALIFIED USE IF--

(A) SUCH PROPERTY CEASES TO BE USED FOR THE QUALIFIED USE SET FORTH IN SUBPARAGRAPH (A) OR (B) OF SUBSECTION (B)(2) UNDER WHICH THE PROPERTY QUALIFIED UNDER SUBSECTION (B), OR

(B) DURING ANY PERIOD OF 8 YEARS ENDING AFTER THE DATE OF THE DECEDENT'S DEATH AND BEFORE THE DATE OF THE DEATH OF THE QUALIFIED HEIR, THERE HAD BEEN PERIODS AGGREGATING MORE THAN 3 YEARS DURING WHICH--

(I) IN THE CASE OF PERIODS DURING WHICH THE PROPERTY WAS HELD BY THE DECEDENT, THERE WAS NO MATERIAL PARTICIPATION BY THE DECEDENT OR ANY MEMBER OF HIS FAMILY IN THE OPERATION OF THE FARM OR OTHER BUSINESS, AND

(II) IN THE CASE OF PERIODS DURING WHICH THE PROPERTY WAS HELD BY ANY QUALIFIED HEIR, THERE WAS NO MATERIAL PARTICIPATION BY SUCH QUALIFIED HEIR OR ANY MEMBER OF HIS FAMILY IN THE OPERATION OF THE FARM OR OTHER BUSINESS.

(7) SPECIAL RULES.--

(A) NO TAX IF USE BEGINS WITHIN 2 YEARS.--IF THE DATE ON WHICH THE QUALIFIED HEIR BEGINS TO USE THE QUALIFIED REAL PROPERTY (HEREINAFTER IN THIS SUBPARAGRAPH REFERRED TO AS THE COMMENCEMENT DATE) IS BEFORE THE DATE 2 YEARS AFTER THE DECEDENT'S DEATH--

(I) NO TAX SHALL BE IMPOSED UNDER PARAGRAPH (1) BY REASON OF THE FAILURE BY THE QUALIFIED HEIR TO SO USE SUCH PROPERTY BEFORE THE COMMENCEMENT DATE, AND

(II) THE 10-YEAR PERIOD UNDER PARAGRAPH (1) SHALL BE EXTENDED BY THE PERIOD AFTER THE DECEDENT'S DEATH AND BEFORE THE COMMENCEMENT DATE.

(B) ACTIVE MANAGEMENT BY ELIGIBLE QUALIFIED HEIR TREATED AS MATERIAL PARTICIPATION.--FOR PURPOSES OF PARAGRAPH (6)(B)(II), THE ACTIVE MANAGEMENT OF A FARM OR OTHER BUSINESS BY--

(I) AN ELIGIBLE QUALIFIED HEIR, OR

(II) A FIDUCIARY OF AN ELIGIBLE QUALIFIED HEIR DESCRIBED IN CLAUSE (II) OR (III) OF SUBPARAGRAPH (C),

SHALL BE TREATED AS MATERIAL PARTICIPATION BY SUCH ELIGIBLE QUALIFIED HEIR IN THE OPERATION OF SUCH FARM OR BUSINESS. IN THE CASE OF AN ELIGIBLE QUALIFIED HEIR DESCRIBED IN CLAUSE (II), (III), OR (IV) OF SUBPARAGRAPH (C), THE PRECEDING SENTENCE SHALL APPLY ONLY DURING PERIODS DURING WHICH SUCH HEIR MEETS THE REQUIREMENTS OF SUCH CLAUSE.

(C) ELIGIBLE QUALIFIED HEIR.--FOR PURPOSES OF THIS PARAGRAPH, THE TERM "ELIGIBLE QUALIFIED HEIR" MEANS A QUALIFIED HEIR WHO--

(I) IS THE SURVIVING SPOUSE OF THE DECEDENT,

(II) HAS NOT ATTAINED THE AGE OF 21,

(III) IS DISABLED (WITHIN THE MEANING OF SUBSECTION (B)(4)(B)), OR

(IV) IS A STUDENT.

(D) STUDENT.--FOR PURPOSES OF SUBPARAGRAPH (C), AN INDIVIDUAL SHALL BE TREATED AS A STUDENT WITH RESPECT TO PERIODS DURING ANY CALENDAR YEAR IF (AND ONLY IF) SUCH INDIVIDUAL IS A STUDENT (WITHIN THE MEANING OF SECTION 152(F)(2)) FOR SUCH CALENDAR YEAR.

(E) CERTAIN RENTS TREATED AS QUALIFIED USE.--FOR PURPOSES OF THIS SUBSECTION, A SURVIVING SPOUSE OR LINEAL DESCENDANT OF THE DECEDENT SHALL NOT BE TREATED AS FAILING TO USE QUALIFIED REAL PROPERTY IN A QUALIFIED USE SOLELY BECAUSE SUCH SPOUSE OR DESCENDANT RENTS SUCH PROPERTY TO A MEMBER OF THE FAMILY OF SUCH SPOUSE OR DESCENDANT ON A NET CASH BASIS. FOR PURPOSES OF THE PRECEDING SENTENCE, A LEGALLY ADOPTED CHILD OF AN INDIVIDUAL SHALL BE TREATED AS THE CHILD OF SUCH INDIVIDUAL BY BLOOD.

(8) QUALIFIED CONSERVATION CONTRIBUTION IS NOT A DISPOSITION.--A QUALIFIED CONSERVATION CONTRIBUTION (AS DEFINED IN SECTION 170(H)) BY GIFT OR OTHERWISE SHALL NOT BE DEEMED A DISPOSITION UNDER SUBSECTION (C)(1)(A).

(D) ELECTION; AGREEMENT.--

(1) ELECTION.--THE ELECTION UNDER THIS SECTION SHALL BE MADE ON THE RETURN OF THE TAX IMPOSED BY SECTION 2001. SUCH ELECTION SHALL BE MADE IN SUCH MANNER AS THE SECRETARY SHALL BY REGULATIONS PRESCRIBE. SUCH AN ELECTION, ONCE MADE, SHALL BE IRREVOCABLE.

(2) AGREEMENT.--THE AGREEMENT REFERRED TO IN THIS PARAGRAPH IS A WRITTEN AGREEMENT SIGNED BY EACH PERSON IN BEING WHO HAS AN INTEREST (WHETHER OR NOT IN POSSESSION) IN ANY PROPERTY DESIGNATED IN SUCH AGREEMENT CONSENTING TO THE APPLICATION OF SUBSECTION (C) WITH RESPECT TO SUCH PROPERTY.

(3) MODIFICATION OF ELECTION AND AGREEMENT TO BE PERMITTED.--THE SECRETARY SHALL PRESCRIBE PROCEDURES WHICH PROVIDE THAT IN ANY CASE IN WHICH THE EXECUTOR MAKES AN ELECTION UNDER PARAGRAPH (1) (AND SUBMITS THE AGREEMENT REFERRED TO IN PARAGRAPH (2)) WITHIN THE TIME PRESCRIBED THEREFOR, BUT--

(A) THE NOTICE OF ELECTION, AS FILED, DOES NOT CONTAIN ALL REQUIRED INFORMATION, OR

(B) SIGNATURES OF 1 OR MORE PERSONS REQUIRED TO ENTER INTO THE AGREEMENT DESCRIBED IN PARAGRAPH (2) ARE NOT INCLUDED ON THE AGREEMENT AS FILED, OR THE AGREEMENT DOES NOT CONTAIN ALL REQUIRED INFORMATION,

THE EXECUTOR WILL HAVE A REASONABLE PERIOD OF TIME (NOT EXCEEDING 90 DAYS) AFTER NOTIFICATION OF SUCH FAILURES TO PROVIDE SUCH INFORMATION OR SIGNATURES.

(E) DEFINITIONS; SPECIAL RULES.--FOR PURPOSES OF THIS SECTION--

(1) QUALIFIED HEIR.--THE TERM "QUALIFIED HEIR" MEANS, WITH RESPECT TO ANY PROPERTY, A MEMBER OF THE DECEDENT'S FAMILY WHO ACQUIRED SUCH PROPERTY (OR TO WHOM SUCH PROPERTY PASSED) FROM THE DECEDENT. IF A QUALIFIED HEIR DISPOSES OF ANY INTEREST IN QUALIFIED REAL PROPERTY TO ANY MEMBER OF HIS FAMILY, SUCH MEMBER SHALL THEREAFTER BE TREATED AS THE QUALIFIED HEIR WITH RESPECT TO SUCH INTEREST.

(2) MEMBER OF FAMILY.--THE TERM "MEMBER OF THE FAMILY" MEANS, WITH RESPECT TO ANY INDIVIDUAL, ONLY--

(A) AN ANCESTOR OF SUCH INDIVIDUAL,

(B) THE SPOUSE OF SUCH INDIVIDUAL,

(C) A LINEAL DESCENDANT OF SUCH INDIVIDUAL, OF SUCH INDIVIDUAL'S SPOUSE, OR OF A PARENT OF SUCH INDIVIDUAL, OR

(D) THE SPOUSE OF ANY LINEAL DESCENDANT DESCRIBED IN SUBPARAGRAPH (C). FOR PURPOSES OF THE PRECEDING SENTENCE, A LEGALLY ADOPTED CHILD OF AN INDIVIDUAL SHALL BE TREATED AS THE CHILD OF SUCH INDIVIDUAL BY BLOOD.

(3) CERTAIN REAL PROPERTY INCLUDED.--IN THE CASE OF REAL PROPERTY WHICH MEETS THE REQUIREMENTS OF SUBPARAGRAPH (C) OF SUBSECTION (B)(1), RESIDENTIAL BUILDINGS AND RELATED IMPROVEMENTS ON SUCH REAL PROPERTY OCCUPIED ON A REGULAR BASIS BY THE OWNER OR LESSEE OF SUCH REAL PROPERTY OR BY PERSONS EMPLOYED BY SUCH OWNER OR LESSEE FOR THE PURPOSE OF OPERATING OR MAINTAINING SUCH REAL PROPERTY, AND ROADS, BUILDINGS, AND OTHER STRUCTURES AND IMPROVEMENTS FUNCTIONALLY RELATED TO THE QUALIFIED USE SHALL BE TREATED AS REAL PROPERTY DEVOTED TO THE QUALIFIED USE.

(4) FARM.--THE TERM "FARM" INCLUDES STOCK, DAIRY, POULTRY, FRUIT, FURBEARING ANIMAL, AND TRUCK FARMS, PLANTATIONS, RANCHES, NURSERIES, RANGES, GREENHOUSES OR OTHER SIMILAR STRUCTURES USED PRIMARILY FOR THE RAISING OF AGRICULTURAL OR HORTICULTURAL COMMODITIES, AND ORCHARDS AND WOODLANDS.

(5) FARMING PURPOSES.--THE TERM "FARMING PURPOSES" MEANS--

(A) CULTIVATING THE SOIL OR RAISING OR HARVESTING ANY AGRICULTURAL OR HORTICULTURAL COMMODITY (INCLUDING THE RAISING, SHEARING, FEEDING, CARING FOR, TRAINING, AND MANAGEMENT OF ANIMALS) ON A FARM;

(B) HANDLING, DRYING, PACKING, GRADING, OR STORING ON A FARM ANY AGRICULTURAL OR HORTICULTURAL COMMODITY IN ITS UNMANUFACTURED STATE, BUT ONLY IF THE OWNER, TENANT, OR OPERATOR OF THE FARM REGULARLY PRODUCES MORE THAN ONE-HALF OF THE COMMODITY SO TREATED; AND

(C)(I) THE PLANTING, CULTIVATING, CARING FOR, OR CUTTING OF TREES, OR

(II) THE PREPARATION (OTHER THAN MILLING) OF TREES FOR MARKET.

(6) MATERIAL PARTICIPATION.--MATERIAL PARTICIPATION SHALL BE DETERMINED IN A MANNER SIMILAR TO THE MANNER USED FOR PURPOSES OF PARAGRAPH (1) OF SECTION 1402(A) (RELATING TO NET EARNINGS FROM SELF-EMPLOYMENT).

(7) METHOD OF VALUING FARMS.--

(A) IN GENERAL.--EXCEPT AS PROVIDED IN SUBPARAGRAPH (B), THE VALUE OF A FARM FOR FARMING PURPOSES SHALL BE DETERMINED BY DIVIDING--

(I) THE EXCESS OF THE AVERAGE ANNUAL GROSS CASH RENTAL FOR COMPARABLE LAND USED FOR FARMING PURPOSES AND LOCATED IN THE LOCALITY OF SUCH FARM OVER THE AVERAGE ANNUAL STATE AND LOCAL REAL ESTATE TAXES FOR SUCH COMPARABLE LAND, BY

(II) THE AVERAGE ANNUAL EFFECTIVE INTEREST RATE FOR ALL NEW FEDERAL LAND BANK LOANS.

FOR PURPOSES OF THE PRECEDING SENTENCE, EACH AVERAGE ANNUAL COMPUTATION SHALL BE MADE ON THE BASIS OF THE 5 MOST RECENT CALENDAR YEARS ENDING BEFORE THE DATE OF THE DECEDENT'S DEATH.

(B) VALUE BASED ON NET SHARE RENTAL IN CERTAIN CASES.--

1 (I) IN GENERAL.--IF THERE IS NO COMPARABLE LAND FROM WHICH THE AVERAGE
2 ANNUAL GROSS CASH RENTAL MAY BE DETERMINED BUT THERE IS COMPARABLE LAND
3 FROM WHICH THE AVERAGE NET SHARE RENTAL MAY BE DETERMINED, SUBPARAGRAPH
4 (A)(I) SHALL BE APPLIED BY SUBSTITUTING "AVERAGE ANNUAL NET SHARE
5 RENTAL" FOR "AVERAGE ANNUAL GROSS CASH RENTAL".

6 (II) NET SHARE RENTAL.--FOR PURPOSES OF THIS PARAGRAPH, THE TERM "NET
7 SHARE RENTAL" MEANS THE EXCESS OF--

8 (I) THE VALUE OF THE PRODUCE RECEIVED BY THE LESSOR OF THE LAND ON
9 WHICH SUCH PRODUCE IS GROWN, OVER

10 (II) THE CASH OPERATING EXPENSES OF GROWING SUCH PRODUCE WHICH, UNDER
11 THE LEASE, ARE PAID BY THE LESSOR.

12 (C) EXCEPTION.--THE FORMULA PROVIDED BY SUBPARAGRAPH (A) SHALL NOT BE
13 USED--

14 (I) WHERE IT IS ESTABLISHED THAT THERE IS NO COMPARABLE LAND FROM
15 WHICH THE AVERAGE ANNUAL GROSS CASH RENTAL MAY BE DETERMINED, OR

16 (II) WHERE THE EXECUTOR ELECTS TO HAVE THE VALUE OF THE FARM FOR FARM-
17 ING PURPOSES DETERMINED AND THAT THERE IS NO COMPARABLE LAND FROM WHICH
18 THE AVERAGE NET SHARE RENTAL MAY BE DETERMINED UNDER PARAGRAPH (8).

19 (8) METHOD OF VALUING CLOSELY HELD BUSINESS INTERESTS, ETC.--IN ANY
20 CASE TO WHICH PARAGRAPH (7)(A) DOES NOT APPLY, THE FOLLOWING FACTORS
21 SHALL APPLY IN DETERMINING THE VALUE OF ANY QUALIFIED REAL PROPERTY:

22 (A) THE CAPITALIZATION OF INCOME WHICH THE PROPERTY CAN BE EXPECTED TO
23 YIELD FOR FARMING OR CLOSELY HELD BUSINESS PURPOSES OVER A REASONABLE
24 PERIOD OF TIME UNDER PRUDENT MANAGEMENT USING TRADITIONAL CROPPING
25 PATTERNS FOR THE AREA, TAKING INTO ACCOUNT SOIL CAPACITY, TERRAIN
26 CONFIGURATION, AND SIMILAR FACTORS,

27 (B) THE CAPITALIZATION OF THE FAIR RENTAL VALUE OF THE LAND FOR FARM-
28 LAND OR CLOSELY HELD BUSINESS PURPOSES,

29 (C) ASSESSED LAND VALUES IN A STATE WHICH PROVIDES A DIFFERENTIAL OR
30 USE VALUE ASSESSMENT LAW FOR FARMLAND OR CLOSELY HELD BUSINESS,

31 (D) COMPARABLE SALES OF OTHER FARM OR CLOSELY HELD BUSINESS LAND IN
32 THE SAME GEOGRAPHICAL AREA FAR ENOUGH REMOVED FROM A METROPOLITAN OR
33 RESORT AREA SO THAT NONAGRICULTURAL USE IS NOT A SIGNIFICANT FACTOR IN
34 THE SALES PRICE, AND

35 (E) ANY OTHER FACTOR WHICH FAIRLY VALUES THE FARM OR CLOSELY HELD
36 BUSINESS VALUE OF THE PROPERTY.

37 (9) PROPERTY ACQUIRED FROM DECEDENT.--PROPERTY SHALL BE CONSIDERED TO
38 HAVE BEEN ACQUIRED FROM OR TO HAVE PASSED FROM THE DECEDENT IF--

39 (A) SUCH PROPERTY IS SO CONSIDERED UNDER SECTION 1014(B) (RELATING TO
40 BASIS OF PROPERTY ACQUIRED FROM A DECEDENT),

41 (B) SUCH PROPERTY IS ACQUIRED BY ANY PERSON FROM THE ESTATE, OR

42 (C) SUCH PROPERTY IS ACQUIRED BY ANY PERSON FROM A TRUST (TO THE
43 EXTENT SUCH PROPERTY IS INCLUDIBLE IN THE GROSS ESTATE OF THE DECEDENT).

44 (10) COMMUNITY PROPERTY.--IF THE DECEDENT AND HIS SURVIVING SPOUSE AT
45 ANY TIME HELD QUALIFIED REAL PROPERTY AS COMMUNITY PROPERTY, THE INTER-
46 EST OF THE SURVIVING SPOUSE IN SUCH PROPERTY SHALL BE TAKEN INTO ACCOUNT
47 UNDER THIS SECTION TO THE EXTENT NECESSARY TO PROVIDE A RESULT UNDER
48 THIS SECTION WITH RESPECT TO SUCH PROPERTY WHICH IS CONSISTENT WITH THE
49 RESULT WHICH WOULD HAVE OBTAINED UNDER THIS SECTION IF SUCH PROPERTY HAD
50 NOT BEEN COMMUNITY PROPERTY.

51 (11) BOND IN LIEU OF PERSONAL LIABILITY.--IF THE QUALIFIED HEIR MAKES
52 WRITTEN APPLICATION TO THE SECRETARY FOR DETERMINATION OF THE MAXIMUM
53 AMOUNT OF THE ADDITIONAL TAX WHICH MAY BE IMPOSED BY SUBSECTION (C) WITH
54 RESPECT TO THE QUALIFIED HEIR'S INTEREST, THE SECRETARY (AS SOON AS
55 POSSIBLE, AND IN ANY EVENT WITHIN 1 YEAR AFTER THE MAKING OF SUCH APPLI-
56 CATION) SHALL NOTIFY THE HEIR OF SUCH MAXIMUM AMOUNT. THE QUALIFIED

HEIR, ON FURNISHING A BOND IN SUCH AMOUNT AND FOR SUCH PERIOD AS MAY BE REQUIRED, SHALL BE DISCHARGED FROM PERSONAL LIABILITY FOR ANY ADDITIONAL TAX IMPOSED BY SUBSECTION (C) AND SHALL BE ENTITLED TO A RECEIPT OR WRITING SHOWING SUCH DISCHARGE.

(12) ACTIVE MANAGEMENT.--THE TERM "ACTIVE MANAGEMENT" MEANS THE MAKING OF THE MANAGEMENT DECISIONS OF A BUSINESS (OTHER THAN THE DAILY OPERATING DECISIONS).

(13) SPECIAL RULES FOR WOODLANDS.--

(A) IN GENERAL.--IN THE CASE OF ANY QUALIFIED WOODLAND WITH RESPECT TO WHICH THE EXECUTOR ELECTS TO HAVE THIS SUBPARAGRAPH APPLY, TREES GROWING ON SUCH WOODLAND SHALL NOT BE TREATED AS A CROP.

(B) QUALIFIED WOODLAND.--THE TERM "QUALIFIED WOODLAND" MEANS ANY REAL PROPERTY WHICH--

(I) IS USED IN TIMBER OPERATIONS, AND

(II) IS AN IDENTIFIABLE AREA OF LAND SUCH AS AN ACRE OR OTHER AREA FOR WHICH RECORDS ARE NORMALLY MAINTAINED IN CONDUCTING TIMBER OPERATIONS.

(C) TIMBER OPERATIONS.--THE TERM "TIMBER OPERATIONS" MEANS--

(I) THE PLANTING, CULTIVATING, CARING FOR, OR CUTTING OF TREES, OR

(II) THE PREPARATION (OTHER THAN MILLING) OF TREES FOR MARKET.

(D) ELECTION.--AN ELECTION UNDER SUBPARAGRAPH (A) SHALL BE MADE ON THE RETURN OF THE TAX IMPOSED BY SECTION 2001. SUCH ELECTION SHALL BE MADE IN SUCH MANNER AS THE SECRETARY SHALL BY REGULATIONS PRESCRIBE. SUCH AN ELECTION, ONCE MADE, SHALL BE IRREVOCABLE.

(14) TREATMENT OF REPLACEMENT PROPERTY ACQUIRED IN SECTION 1031 OR 1033 TRANSACTIONS.--

(A) IN GENERAL.--IN THE CASE OF ANY QUALIFIED REPLACEMENT PROPERTY, ANY PERIOD DURING WHICH THERE WAS OWNERSHIP, QUALIFIED USE, OR MATERIAL PARTICIPATION WITH RESPECT TO THE REPLACED PROPERTY BY THE DECEDENT OR ANY MEMBER OF HIS FAMILY SHALL BE TREATED AS A PERIOD DURING WHICH THERE WAS SUCH OWNERSHIP, USE, OR MATERIAL PARTICIPATION (AS THE CASE MAY BE) WITH RESPECT TO THE QUALIFIED REPLACEMENT PROPERTY.

(B) LIMITATION.--SUBPARAGRAPH (A) SHALL NOT APPLY TO THE EXTENT THAT THE FAIR MARKET VALUE OF THE QUALIFIED REPLACEMENT PROPERTY (AS OF THE DATE OF ITS ACQUISITION) EXCEEDS THE FAIR MARKET VALUE OF THE REPLACED PROPERTY (AS OF THE DATE OF ITS DISPOSITION).

(C) DEFINITIONS.--FOR PURPOSES OF THIS PARAGRAPH--

(I) QUALIFIED REPLACEMENT PROPERTY.--THE TERM "QUALIFIED REPLACEMENT PROPERTY" MEANS ANY REAL PROPERTY WHICH IS--

(I) ACQUIRED IN AN EXCHANGE WHICH QUALIFIES UNDER SECTION 1031, OR

(II) THE ACQUISITION OF WHICH RESULTS IN THE NONRECOGNITION OF GAIN UNDER SECTION 1033.

SUCH TERM SHALL ONLY INCLUDE PROPERTY WHICH IS USED FOR THE SAME QUALIFIED USE AS THE REPLACED PROPERTY WAS BEING USED BEFORE THE EXCHANGE.

(II) REPLACED PROPERTY.--THE TERM "REPLACED PROPERTY" MEANS--

(I) THE PROPERTY TRANSFERRED IN THE EXCHANGE WHICH QUALIFIES UNDER SECTION 1031, OR

(II) THE PROPERTY COMPULSORILY OR INVOLUNTARILY CONVERTED (WITHIN THE MEANING OF SECTION 1033).

(F) STATUTE OF LIMITATIONS.--IF QUALIFIED REAL PROPERTY IS DISPOSED OF OR CEASES TO BE USED FOR A QUALIFIED USE, THEN--

(1) THE STATUTORY PERIOD FOR THE ASSESSMENT OF ANY ADDITIONAL TAX UNDER SUBSECTION (C) ATTRIBUTABLE TO SUCH DISPOSITION OR CESSATION SHALL NOT EXPIRE BEFORE THE EXPIRATION OF 3 YEARS FROM THE DATE THE SECRETARY IS NOTIFIED (IN SUCH MANNER AS THE SECRETARY MAY BY REGULATIONS PRESCRIBE) OF SUCH DISPOSITION OR CESSATION (OR IF LATER IN THE CASE OF AN INVOLUNTARY CONVERSION OR EXCHANGE TO WHICH SUBSECTION (H) OR (I)

1 APPLIES, 3 YEARS FROM THE DATE THE SECRETARY IS NOTIFIED OF THE REPLACE-
2 MENT OF THE CONVERTED PROPERTY OR OF AN INTENTION NOT TO REPLACE OR OF
3 THE EXCHANGE OF PROPERTY), AND

4 (2) SUCH ADDITIONAL TAX MAY BE ASSESSED BEFORE THE EXPIRATION OF SUCH
5 3-YEAR PERIOD NOTWITHSTANDING THE PROVISIONS OF ANY OTHER LAW OR RULE OF
6 LAW WHICH WOULD OTHERWISE PREVENT SUCH ASSESSMENT.

7 (G) APPLICATION OF THIS SECTION AND SECTION 6324B TO INTERESTS IN
8 PARTNERSHIPS, CORPORATIONS, AND TRUSTS.--THE SECRETARY SHALL PRESCRIBE
9 REGULATIONS SETTING FORTH THE APPLICATION OF THIS SECTION AND SECTION
10 6324B IN THE CASE OF AN INTEREST IN A PARTNERSHIP, CORPORATION, OR TRUST
11 WHICH, WITH RESPECT TO THE DECEDENT, IS AN INTEREST IN A CLOSELY HELD
12 BUSINESS (WITHIN THE MEANING OF PARAGRAPH (1) OF SECTION 6166(B)). FOR
13 PURPOSES OF THE PRECEDING SENTENCE, AN INTEREST IN A DISCRETIONARY TRUST
14 ALL THE BENEFICIARIES OF WHICH ARE QUALIFIED HEIRS SHALL BE TREATED AS A
15 PRESENT INTEREST.

16 (H) SPECIAL RULES FOR INVOLUNTARY CONVERSIONS OF QUALIFIED REAL PROP-
17 ERTY.--

18 (1) TREATMENT OF CONVERTED PROPERTY.--

19 (A) IN GENERAL.--IF THERE IS AN INVOLUNTARY CONVERSION OF AN INTEREST
20 IN QUALIFIED REAL PROPERTY--

21 (I) NO TAX SHALL BE IMPOSED BY SUBSECTION (C) ON SUCH CONVERSION IF
22 THE COST OF THE QUALIFIED REPLACEMENT PROPERTY EQUALS OR EXCEEDS THE
23 AMOUNT REALIZED ON SUCH CONVERSION, OR

24 (II) IF CLAUSE (I) DOES NOT APPLY, THE AMOUNT OF THE TAX IMPOSED BY
25 SUBSECTION (C) ON SUCH CONVERSION SHALL BE THE AMOUNT DETERMINED UNDER
26 SUBPARAGRAPH (B).

27 (B) AMOUNT OF TAX WHERE THERE IS NOT COMPLETE REINVESTMENT.--THE
28 AMOUNT DETERMINED UNDER THIS SUBPARAGRAPH WITH RESPECT TO ANY INVOLUN-
29 TARY CONVERSION IS THE AMOUNT OF THE TAX WHICH (BUT FOR THIS SUBSECTION)
30 WOULD HAVE BEEN IMPOSED ON SUCH CONVERSION REDUCED BY AN AMOUNT WHICH--

31 (I) BEARS THE SAME RATIO TO SUCH TAX, AS

32 (II) THE COST OF THE QUALIFIED REPLACEMENT PROPERTY BEARS TO THE
33 AMOUNT REALIZED ON THE CONVERSION.

34 (2) TREATMENT OF REPLACEMENT PROPERTY.--FOR PURPOSES OF SUBSECTION
35 (C)--

36 (A) ANY QUALIFIED REPLACEMENT PROPERTY SHALL BE TREATED IN THE SAME
37 MANNER AS IF IT WERE A PORTION OF THE INTEREST IN QUALIFIED REAL PROP-
38 ERTY WHICH WAS INVOLUNTARILY CONVERTED; EXCEPT THAT WITH RESPECT TO SUCH
39 QUALIFIED REPLACEMENT PROPERTY THE 10-YEAR PERIOD UNDER PARAGRAPH (1) OF
40 SUBSECTION (C) SHALL BE EXTENDED BY ANY PERIOD, BEYOND THE 2-YEAR PERIOD
41 REFERRED TO IN SECTION 1033(A)(2)(B)(I), DURING WHICH THE QUALIFIED HEIR
42 WAS ALLOWED TO REPLACE THE QUALIFIED REAL PROPERTY,

43 (B) ANY TAX IMPOSED BY SUBSECTION (C) ON THE INVOLUNTARY CONVERSION
44 SHALL BE TREATED AS A TAX IMPOSED ON A PARTIAL DISPOSITION, AND

45 (C) PARAGRAPH (6) OF SUBSECTION (C) SHALL BE APPLIED--

46 (I) BY NOT TAKING INTO ACCOUNT PERIODS AFTER THE INVOLUNTARY CONVER-
47 SION AND BEFORE THE ACQUISITION OF THE QUALIFIED REPLACEMENT PROPERTY,
48 AND

49 (II) BY TREATING MATERIAL PARTICIPATION WITH RESPECT TO THE CONVERTED
50 PROPERTY AS MATERIAL PARTICIPATION WITH RESPECT TO THE QUALIFIED
51 REPLACEMENT PROPERTY.

52 (3) DEFINITIONS AND SPECIAL RULES.--FOR PURPOSES OF THIS SUBSECTION--

53 (A) INVOLUNTARY CONVERSION.--THE TERM "INVOLUNTARY CONVERSION" MEANS A
54 COMPULSORY OR INVOLUNTARY CONVERSION WITHIN THE MEANING OF SECTION 1033.

55 (B) QUALIFIED REPLACEMENT PROPERTY.--THE TERM "QUALIFIED REPLACEMENT
56 PROPERTY" MEANS--

1 (I) IN THE CASE OF AN INVOLUNTARY CONVERSION DESCRIBED IN SECTION
2 1033(A)(1), ANY REAL PROPERTY INTO WHICH THE QUALIFIED REAL PROPERTY IS
3 CONVERTED, OR

4 (II) IN THE CASE OF AN INVOLUNTARY CONVERSION DESCRIBED IN SECTION
5 1033(A)(2), ANY REAL PROPERTY PURCHASED BY THE QUALIFIED HEIR DURING THE
6 PERIOD SPECIFIED IN SECTION 1033(A)(2)(B) FOR PURPOSES OF REPLACING THE
7 QUALIFIED REAL PROPERTY.

8 SUCH TERM ONLY INCLUDES PROPERTY WHICH IS TO BE USED FOR THE QUALIFIED
9 USE SET FORTH IN SUBPARAGRAPH (A) OR (B) OF SUBSECTION (B)(2) UNDER
10 WHICH THE QUALIFIED REAL PROPERTY QUALIFIED UNDER SUBSECTION (A).

11 (4) CERTAIN RULES MADE APPLICABLE.--THE RULES OF THE LAST SENTENCE OF
12 SECTION 1033(A)(2)(A) SHALL APPLY FOR PURPOSES OF PARAGRAPH (3)(B)(II).

13 (I) EXCHANGES OF QUALIFIED REAL PROPERTY.--

14 (1) TREATMENT OF PROPERTY EXCHANGED.--

15 (A) EXCHANGES SOLELY FOR QUALIFIED EXCHANGE PROPERTY.--IF AN INTEREST
16 IN QUALIFIED REAL PROPERTY IS EXCHANGED SOLELY FOR AN INTEREST IN QUALI-
17 FIED EXCHANGE PROPERTY IN A TRANSACTION WHICH QUALIFIES UNDER SECTION
18 1031, NO TAX SHALL BE IMPOSED BY SUBSECTION (C) BY REASON OF SUCH
19 EXCHANGE.

20 (B) EXCHANGES WHERE OTHER PROPERTY RECEIVED.--IF AN INTEREST IN QUALI-
21 FIED REAL PROPERTY IS EXCHANGED FOR AN INTEREST IN QUALIFIED EXCHANGE
22 PROPERTY AND OTHER PROPERTY IN A TRANSACTION WHICH QUALIFIES UNDER
23 SECTION 1031, THE AMOUNT OF THE TAX IMPOSED BY SUBSECTION (C) BY REASON
24 OF SUCH EXCHANGE SHALL BE THE AMOUNT OF TAX WHICH (BUT FOR THIS SUBPARA-
25 GRAPH) WOULD HAVE BEEN IMPOSED ON SUCH EXCHANGE UNDER SUBSECTION (C)(1),
26 REDUCED BY AN AMOUNT WHICH--

27 (I) BEARS THE SAME RATIO TO SUCH TAX, AS

28 (II) THE FAIR MARKET VALUE OF THE QUALIFIED EXCHANGE PROPERTY BEARS TO
29 THE FAIR MARKET VALUE OF THE QUALIFIED REAL PROPERTY EXCHANGED.

30 FOR PURPOSES OF CLAUSE (II) OF THE PRECEDING SENTENCE, FAIR MARKET
31 VALUE SHALL BE DETERMINED AS OF THE TIME OF THE EXCHANGE.

32 (2) TREATMENT OF QUALIFIED EXCHANGE PROPERTY.--FOR PURPOSES OF
33 SUBSECTION (C)--

34 (A) ANY INTEREST IN QUALIFIED EXCHANGE PROPERTY SHALL BE TREATED IN
35 THE SAME MANNER AS IF IT WERE A PORTION OF THE INTEREST IN QUALIFIED
36 REAL PROPERTY WHICH WAS EXCHANGED,

37 (B) ANY TAX IMPOSED BY SUBSECTION (C) BY REASON OF THE EXCHANGE SHALL
38 BE TREATED AS A TAX IMPOSED ON A PARTIAL DISPOSITION, AND

39 (C) PARAGRAPH (6) OF SUBSECTION (C) SHALL BE APPLIED BY TREATING MATE-
40 RIAL PARTICIPATION WITH RESPECT TO THE EXCHANGED PROPERTY AS MATERIAL
41 PARTICIPATION WITH RESPECT TO THE QUALIFIED EXCHANGE PROPERTY.

42 (3) QUALIFIED EXCHANGE PROPERTY.--FOR PURPOSES OF THIS SUBSECTION, THE
43 TERM "QUALIFIED EXCHANGE PROPERTY" MEANS REAL PROPERTY WHICH IS TO BE
44 USED FOR THE QUALIFIED USE SET FORTH IN SUBPARAGRAPH (A) OR (B) OF
45 SUBSECTION (B)(2) UNDER WHICH THE REAL PROPERTY EXCHANGED THEREFOR
46 ORIGINALLY QUALIFIED UNDER SUBSECTION (A).

47 S 2033. PROPERTY IN WHICH THE DECEDENT HAD AN INTEREST. THE VALUE OF
48 THE GROSS ESTATE SHALL INCLUDE THE VALUE OF ALL PROPERTY TO THE EXTENT
49 OF THE INTEREST THEREIN OF THE DECEDENT AT THE TIME OF HIS DEATH.

50 S 2034. DOWER OR CURTESY INTERESTS. THE VALUE OF THE GROSS ESTATE
51 SHALL INCLUDE THE VALUE OF ALL PROPERTY TO THE EXTENT OF ANY INTEREST
52 THEREIN OF THE SURVIVING SPOUSE, EXISTING AT THE TIME OF THE DECEDENT'S
53 DEATH AS DOWER OR CURTESY, OR BY VIRTUE OF A STATUTE CREATING AN ESTATE
54 IN LIEU OF DOWER OR CURTESY.

1 S 2035. ADJUSTMENTS FOR CERTAIN GIFTS MADE WITHIN THREE YEARS OF
2 DECEDENT'S DEATH. (A) INCLUSION OF CERTAIN PROPERTY IN GROSS
3 ESTATE.--IF--

4 (1) THE DECEDENT MADE A TRANSFER (BY TRUST OR OTHERWISE) OF AN INTER-
5 EST IN ANY PROPERTY, OR RELINQUISHED A POWER WITH RESPECT TO ANY PROPER-
6 TY, DURING THE 3-YEAR PERIOD ENDING ON THE DATE OF THE DECEDENT'S DEATH,
7 AND

8 (2) THE VALUE OF SUCH PROPERTY (OR AN INTEREST THEREIN) WOULD HAVE
9 BEEN INCLUDED IN THE DECEDENT'S GROSS ESTATE UNDER SECTION 2036, 2037,
10 2038, OR 2042 IF SUCH TRANSFERRED INTEREST OR RELINQUISHED POWER HAD
11 BEEN RETAINED BY THE DECEDENT ON THE DATE OF HIS DEATH,

12 THE VALUE OF THE GROSS ESTATE SHALL INCLUDE THE VALUE OF ANY PROPERTY
13 (OR INTEREST THEREIN) WHICH WOULD HAVE BEEN SO INCLUDED.

14 (B) INCLUSION OF GIFT TAX ON GIFTS MADE DURING 3 YEARS BEFORE
15 DECEDENT'S DEATH.--THE AMOUNT OF THE GROSS ESTATE (DETERMINED WITHOUT
16 REGARD TO THIS SUBSECTION) SHALL BE INCREASED BY THE AMOUNT OF ANY TAX
17 PAID UNDER CHAPTER 12 BY THE DECEDENT OR HIS ESTATE ON ANY GIFT MADE BY
18 THE DECEDENT OR HIS SPOUSE DURING THE 3-YEAR PERIOD ENDING ON THE DATE
19 OF THE DECEDENT'S DEATH.

20 (C) OTHER RULES RELATING TO TRANSFERS WITHIN 3 YEARS OF DEATH.--

21 (1) IN GENERAL.--FOR PURPOSES OF--

22 (A) SECTION 303(B) (RELATING TO DISTRIBUTIONS IN REDEMPTION OF STOCK
23 TO PAY DEATH TAXES),

24 (B) SECTION 2032A (RELATING TO SPECIAL VALUATION OF CERTAIN FARMS,
25 ETC., REAL PROPERTY), AND

26 (C) SUBCHAPTER C OF CHAPTER 64 (RELATING TO LIEN FOR TAXES),

27 THE VALUE OF THE GROSS ESTATE SHALL INCLUDE THE VALUE OF ALL PROPERTY
28 TO THE EXTENT OF ANY INTEREST THEREIN OF WHICH THE DECEDENT HAS AT ANY
29 TIME MADE A TRANSFER, BY TRUST OR OTHERWISE, DURING THE 3-YEAR PERIOD
30 ENDING ON THE DATE OF THE DECEDENT'S DEATH.

31 (2) COORDINATION WITH SECTION 6166.--AN ESTATE SHALL BE TREATED AS
32 MEETING THE 35 PERCENT OF ADJUSTED GROSS ESTATE REQUIREMENT OF SECTION
33 6166(A)(1) ONLY IF THE ESTATE MEETS SUCH REQUIREMENT BOTH WITH AND WITH-
34 OUT THE APPLICATION OF SUBSECTION (A).

35 (3) MARITAL AND SMALL TRANSFERS.--PARAGRAPH (1) SHALL NOT APPLY TO ANY
36 TRANSFER (OTHER THAN A TRANSFER WITH RESPECT TO A LIFE INSURANCE POLICY)
37 MADE DURING A CALENDAR YEAR TO ANY DONEE IF THE DECEDENT WAS NOT
38 REQUIRED BY SECTION 6019 (OTHER THAN BY REASON OF SECTION 6019(2)) TO
39 FILE ANY GIFT TAX RETURN FOR SUCH YEAR WITH RESPECT TO TRANSFERS TO SUCH
40 DONEE.

41 (D) EXCEPTION.--SUBSECTION (A) AND PARAGRAPH (1) OF SUBSECTION (C)
42 SHALL NOT APPLY TO ANY BONA FIDE SALE FOR AN ADEQUATE AND FULL CONSIDER-
43 ATION IN MONEY OR MONEY'S WORTH.

44 (E) TREATMENT OF CERTAIN TRANSFERS FROM REVOCABLE TRUSTS.--FOR
45 PURPOSES OF THIS SECTION AND SECTION 2038, ANY TRANSFER FROM ANY PORTION
46 OF A TRUST DURING ANY PERIOD THAT SUCH PORTION WAS TREATED UNDER SECTION
47 676 AS OWNED BY THE DECEDENT BY REASON OF A POWER IN THE GRANTOR (DETER-
48 MINED WITHOUT REGARD TO SECTION 672(E)) SHALL BE TREATED AS A TRANSFER
49 MADE DIRECTLY BY THE DECEDENT.

50 S 2036. TRANSFERS WITH RETAINED LIFE ESTATE. (A) GENERAL RULE.--THE
51 VALUE OF THE GROSS ESTATE SHALL INCLUDE THE VALUE OF ALL PROPERTY TO THE
52 EXTENT OF ANY INTEREST THEREIN OF WHICH THE DECEDENT HAS AT ANY TIME
53 MADE A TRANSFER (EXCEPT IN CASE OF A BONA FIDE SALE FOR AN ADEQUATE AND
54 FULL CONSIDERATION IN MONEY OR MONEY'S WORTH), BY TRUST OR OTHERWISE,
55 UNDER WHICH HE HAS RETAINED FOR HIS LIFE OR FOR ANY PERIOD NOT ASCER-

1 TAINABLE WITHOUT REFERENCE TO HIS DEATH OR FOR ANY PERIOD WHICH DOES NOT
2 IN FACT END BEFORE HIS DEATH--

3 (1) THE POSSESSION OR ENJOYMENT OF, OR THE RIGHT TO THE INCOME FROM,
4 THE PROPERTY, OR

5 (2) THE RIGHT, EITHER ALONE OR IN CONJUNCTION WITH ANY PERSON, TO
6 DESIGNATE THE PERSONS WHO SHALL POSSESS OR ENJOY THE PROPERTY OR THE
7 INCOME THEREFROM.

8 (B) VOTING RIGHTS.--

9 (1) IN GENERAL.--FOR PURPOSES OF SUBSECTION (A)(1), THE RETENTION OF
10 THE RIGHT TO VOTE (DIRECTLY OR INDIRECTLY) SHARES OF STOCK OF A
11 CONTROLLED CORPORATION SHALL BE CONSIDERED TO BE A RETENTION OF THE
12 ENJOYMENT OF TRANSFERRED PROPERTY.

13 (2) CONTROLLED CORPORATION.--FOR PURPOSES OF PARAGRAPH (1), A CORPO-
14 RATION SHALL BE TREATED AS A CONTROLLED CORPORATION IF, AT ANY TIME
15 AFTER THE TRANSFER OF THE PROPERTY AND DURING THE 3-YEAR PERIOD ENDING
16 ON THE DATE OF THE DECEDENT'S DEATH, THE DECEDENT OWNED (WITH THE APPLI-
17 CATION OF SECTION 318), OR HAD THE RIGHT (EITHER ALONE OR IN CONJUNCTION
18 WITH ANY PERSON) TO VOTE, STOCK POSSESSING AT LEAST 20 PERCENT OF THE
19 TOTAL COMBINED VOTING POWER OF ALL CLASSES OF STOCK.

20 (3) COORDINATION WITH SECTION 2035.--FOR PURPOSES OF APPLYING SECTION
21 2035 WITH RESPECT TO PARAGRAPH (1), THE RELINQUISHMENT OR CESSATION OF
22 VOTING RIGHTS SHALL BE TREATED AS A TRANSFER OF PROPERTY MADE BY THE
23 DECEDENT.

24 (C) LIMITATION ON APPLICATION OF GENERAL RULE.--THIS SECTION SHALL NOT
25 APPLY TO A TRANSFER MADE BEFORE MARCH 4, 1931; NOR TO A TRANSFER MADE
26 AFTER MARCH 3, 1931, AND BEFORE JUNE 7, 1932, UNLESS THE PROPERTY TRANS-
27 FERRED WOULD HAVE BEEN INCLUDIBLE IN THE DECEDENT'S GROSS ESTATE BY
28 REASON OF THE AMENDATORY LANGUAGE OF THE JOINT RESOLUTION OF MARCH 3,
29 1931 (46 STAT. 1516).

30 S 2037. TRANSFERS TAKING EFFECT AT DEATH. (A) GENERAL RULE.--THE VALUE
31 OF THE GROSS ESTATE SHALL INCLUDE THE VALUE OF ALL PROPERTY TO THE
32 EXTENT OF ANY INTEREST THEREIN OF WHICH THE DECEDENT HAS AT ANY TIME
33 AFTER SEPTEMBER 7, 1916, MADE A TRANSFER (EXCEPT IN CASE OF A BONA FIDE
34 SALE FOR AN ADEQUATE AND FULL CONSIDERATION IN MONEY OR MONEY'S WORTH),
35 BY TRUST OR OTHERWISE, IF--

36 (1) POSSESSION OR ENJOYMENT OF THE PROPERTY CAN, THROUGH OWNERSHIP OF
37 SUCH INTEREST, BE OBTAINED ONLY BY SURVIVING THE DECEDENT, AND

38 (2) THE DECEDENT HAS RETAINED A REVERSIONARY INTEREST IN THE PROPERTY
39 (BUT IN THE CASE OF A TRANSFER MADE BEFORE OCTOBER 8, 1949, ONLY IF SUCH
40 REVERSIONARY INTEREST AROSE BY THE EXPRESS TERMS OF THE INSTRUMENT OF
41 TRANSFER), AND THE VALUE OF SUCH REVERSIONARY INTEREST IMMEDIATELY
42 BEFORE THE DEATH OF THE DECEDENT EXCEEDS 5 PERCENT OF THE VALUE OF SUCH
43 PROPERTY.

44 (B) SPECIAL RULES.--FOR PURPOSES OF THIS SECTION, THE TERM "REVERSION-
45 ARY INTEREST" INCLUDES A POSSIBILITY THAT PROPERTY TRANSFERRED BY THE
46 DECEDENT--

47 (1) MAY RETURN TO HIM OR HIS ESTATE, OR

48 (2) MAY BE SUBJECT TO A POWER OF DISPOSITION BY HIM,

49 BUT SUCH TERM DOES NOT INCLUDE A POSSIBILITY THAT THE INCOME ALONE
50 FROM SUCH PROPERTY MAY RETURN TO HIM OR BECOME SUBJECT TO A POWER OF
51 DISPOSITION BY HIM. THE VALUE OF A REVERSIONARY INTEREST IMMEDIATELY
52 BEFORE THE DEATH OF THE DECEDENT SHALL BE DETERMINED (WITHOUT REGARD TO
53 THE FACT OF THE DECEDENT'S DEATH) BY USUAL METHODS OF VALUATION, INCLUD-
54 ING THE USE OF TABLES OF MORTALITY AND ACTUARIAL PRINCIPLES, UNDER REGU-
55 LATIONS PRESCRIBED BY THE SECRETARY. IN DETERMINING THE VALUE OF A
56 POSSIBILITY THAT PROPERTY MAY BE SUBJECT TO A POWER OF DISPOSITION BY

1 THE DECEDENT, SUCH POSSIBILITY SHALL BE VALUED AS IF IT WERE A POSSIBIL-
2 ITY THAT SUCH PROPERTY MAY RETURN TO THE DECEDENT OR HIS ESTATE.
3 NOTWITHSTANDING THE FOREGOING, AN INTEREST SO TRANSFERRED SHALL NOT BE
4 INCLUDED IN THE DECEDENT'S GROSS ESTATE UNDER THIS SECTION IF POSSESSION
5 OR ENJOYMENT OF THE PROPERTY COULD HAVE BEEN OBTAINED BY ANY BENEFICIARY
6 DURING THE DECEDENT'S LIFE THROUGH THE EXERCISE OF A GENERAL POWER OF
7 APPOINTMENT (AS DEFINED IN SECTION 2041) WHICH IN FACT WAS EXERCISABLE
8 IMMEDIATELY BEFORE THE DECEDENT'S DEATH.

9 S 2038. REVOCABLE TRANSFERS. (A) IN GENERAL.--THE VALUE OF THE GROSS
10 ESTATE SHALL INCLUDE THE VALUE OF ALL PROPERTY--

11 (1) TRANSFERS AFTER JUNE 22, 1936.--TO THE EXTENT OF ANY INTEREST
12 THEREIN OF WHICH THE DECEDENT HAS AT ANY TIME MADE A TRANSFER (EXCEPT IN
13 CASE OF A BONA FIDE SALE FOR AN ADEQUATE AND FULL CONSIDERATION IN MONEY
14 OR MONEY'S WORTH), BY TRUST OR OTHERWISE, WHERE THE ENJOYMENT THEREOF
15 WAS SUBJECT AT THE DATE OF HIS DEATH TO ANY CHANGE THROUGH THE EXERCISE
16 OF A POWER (IN WHATEVER CAPACITY EXERCISABLE) BY THE DECEDENT ALONE OR
17 BY THE DECEDENT IN CONJUNCTION WITH ANY OTHER PERSON (WITHOUT REGARD TO
18 WHEN OR FROM WHAT SOURCE THE DECEDENT ACQUIRED SUCH POWER), TO ALTER,
19 AMEND, REVOKE, OR TERMINATE, OR WHERE ANY SUCH POWER IS RELINQUISHED
20 DURING THE 3-YEAR PERIOD ENDING ON THE DATE OF THE DECEDENT'S DEATH.

21 (2) TRANSFERS ON OR BEFORE JUNE 22, 1936.--TO THE EXTENT OF ANY INTER-
22 EST THEREIN OF WHICH THE DECEDENT HAS AT ANY TIME MADE A TRANSFER
23 (EXCEPT IN CASE OF A BONA FIDE SALE FOR AN ADEQUATE AND FULL CONSIDER-
24 ATION IN MONEY OR MONEY'S WORTH), BY TRUST OR OTHERWISE, WHERE THE
25 ENJOYMENT THEREOF WAS SUBJECT AT THE DATE OF HIS DEATH TO ANY CHANGE
26 THROUGH THE EXERCISE OF A POWER, EITHER BY THE DECEDENT ALONE OR IN
27 CONJUNCTION WITH ANY PERSON, TO ALTER, AMEND, OR REVOKE, OR WHERE THE
28 DECEDENT RELINQUISHED ANY SUCH POWER DURING THE 3-YEAR PERIOD ENDING ON
29 THE DATE OF THE DECEDENT'S DEATH. EXCEPT IN THE CASE OF TRANSFERS MADE
30 AFTER JUNE 22, 1936, NO INTEREST OF THE DECEDENT OF WHICH HE HAS MADE A
31 TRANSFER SHALL BE INCLUDED IN THE GROSS ESTATE UNDER PARAGRAPH (1)
32 UNLESS IT IS INCLUDIBLE UNDER THIS PARAGRAPH.

33 (B) DATE OF EXISTENCE OF POWER.--FOR PURPOSES OF THIS SECTION, THE
34 POWER TO ALTER, AMEND, REVOKE, OR TERMINATE SHALL BE CONSIDERED TO EXIST
35 ON THE DATE OF THE DECEDENT'S DEATH EVEN THOUGH THE EXERCISE OF THE
36 POWER IS SUBJECT TO A PRECEDENT GIVING OF NOTICE OR EVEN THOUGH THE
37 ALTERATION, AMENDMENT, REVOCATION, OR TERMINATION TAKES EFFECT ONLY ON
38 THE EXPIRATION OF A STATED PERIOD AFTER THE EXERCISE OF THE POWER,
39 WHETHER OR NOT ON OR BEFORE THE DATE OF THE DECEDENT'S DEATH NOTICE HAS
40 BEEN GIVEN OR THE POWER HAS BEEN EXERCISED. IN SUCH CASES PROPER ADJUST-
41 MENT SHALL BE MADE REPRESENTING THE INTERESTS WHICH WOULD HAVE BEEN
42 EXCLUDED FROM THE POWER IF THE DECEDENT HAD LIVED, AND FOR SUCH PURPOSE,
43 IF THE NOTICE HAS NOT BEEN GIVEN OR THE POWER HAS NOT BEEN EXERCISED ON
44 OR BEFORE THE DATE OF HIS DEATH, SUCH NOTICE SHALL BE CONSIDERED TO HAVE
45 BEEN GIVEN, OR THE POWER EXERCISED, ON THE DATE OF HIS DEATH.

46 S 2039. ANNUITIES. (A) GENERAL.--THE GROSS ESTATE SHALL INCLUDE THE
47 VALUE OF AN ANNUITY OR OTHER PAYMENT RECEIVABLE BY ANY BENEFICIARY BY
48 REASON OF SURVIVING THE DECEDENT UNDER ANY FORM OF CONTRACT OR AGREEMENT
49 ENTERED INTO AFTER MARCH 3, 1931 (OTHER THAN AS INSURANCE UNDER POLICIES
50 ON THE LIFE OF THE DECEDENT), IF, UNDER SUCH CONTRACT OR AGREEMENT, AN
51 ANNUITY OR OTHER PAYMENT WAS PAYABLE TO THE DECEDENT, OR THE DECEDENT
52 POSSESSED THE RIGHT TO RECEIVE SUCH ANNUITY OR PAYMENT, EITHER ALONE OR
53 IN CONJUNCTION WITH ANOTHER FOR HIS LIFE OR FOR ANY PERIOD NOT ASCER-
54 TAINABLE WITHOUT REFERENCE TO HIS DEATH OR FOR ANY PERIOD WHICH DOES NOT
55 IN FACT END BEFORE HIS DEATH.

(B) AMOUNT INCLUDIBLE.--SUBSECTION (A) SHALL APPLY TO ONLY SUCH PART OF THE VALUE OF THE ANNUITY OR OTHER PAYMENT RECEIVABLE UNDER SUCH CONTRACT OR AGREEMENT AS IS PROPORTIONATE TO THAT PART OF THE PURCHASE PRICE THEREFOR CONTRIBUTED BY THE DECEDENT. FOR PURPOSES OF THIS SECTION, ANY CONTRIBUTION BY THE DECEDENT'S EMPLOYER OR FORMER EMPLOYER TO THE PURCHASE PRICE OF SUCH CONTRACT OR AGREEMENT (WHETHER OR NOT TO AN EMPLOYEE'S TRUST OR FUND FORMING PART OF A PENSION, ANNUITY, RETIREMENT, BONUS OR PROFIT SHARING PLAN) SHALL BE CONSIDERED TO BE CONTRIBUTED BY THE DECEDENT IF MADE BY REASON OF HIS EMPLOYMENT.

S 2040. JOINT INTERESTS. (A) GENERAL RULE.--THE VALUE OF THE GROSS ESTATE SHALL INCLUDE THE VALUE OF ALL PROPERTY TO THE EXTENT OF THE INTEREST THEREIN HELD AS JOINT TENANTS WITH RIGHT OF SURVIVORSHIP BY THE DECEDENT AND ANY OTHER PERSON, OR AS TENANTS BY THE ENTIRETY BY THE DECEDENT AND SPOUSE, OR DEPOSITED, WITH ANY PERSON CARRYING ON THE BANKING BUSINESS, IN THEIR JOINT NAMES AND PAYABLE TO EITHER OR THE SURVIVOR, EXCEPT SUCH PART THEREOF AS MAY BE SHOWN TO HAVE ORIGINALLY BELONGED TO SUCH OTHER PERSON AND NEVER TO HAVE BEEN RECEIVED OR ACQUIRED BY THE LATTER FROM THE DECEDENT FOR LESS THAN AN ADEQUATE AND FULL CONSIDERATION IN MONEY OR MONEY'S WORTH: PROVIDED, THAT WHERE SUCH PROPERTY OR ANY PART THEREOF, OR PART OF THE CONSIDERATION WITH WHICH SUCH PROPERTY WAS ACQUIRED, IS SHOWN TO HAVE BEEN AT ANY TIME ACQUIRED BY SUCH OTHER PERSON FROM THE DECEDENT FOR LESS THAN AN ADEQUATE AND FULL CONSIDERATION IN MONEY OR MONEY'S WORTH, THERE SHALL BE EXCEPTED ONLY SUCH PART OF THE VALUE OF SUCH PROPERTY AS IS PROPORTIONATE TO THE CONSIDERATION FURNISHED BY SUCH OTHER PERSON: PROVIDED FURTHER, THAT WHERE ANY PROPERTY HAS BEEN ACQUIRED BY GIFT, BEQUEST, DEVISE, OR INHERITANCE, AS A TENANCY BY THE ENTIRETY BY THE DECEDENT AND SPOUSE, THEN TO THE EXTENT OF ONE-HALF OF THE VALUE THEREOF, OR, WHERE SO ACQUIRED BY THE DECEDENT AND ANY OTHER PERSON AS JOINT TENANTS WITH RIGHT OF SURVIVORSHIP AND THEIR INTERESTS ARE NOT OTHERWISE SPECIFIED OR FIXED BY LAW, THEN TO THE EXTENT OF THE VALUE OF A FRACTIONAL PART TO BE DETERMINED BY DIVIDING THE VALUE OF THE PROPERTY BY THE NUMBER OF JOINT TENANTS WITH RIGHT OF SURVIVORSHIP.

(B) CERTAIN JOINT INTERESTS OF HUSBAND AND WIFE.--

(1) INTERESTS OF SPOUSE EXCLUDED FROM GROSS ESTATE.--NOTWITHSTANDING SUBSECTION (A), IN THE CASE OF ANY QUALIFIED JOINT INTEREST, THE VALUE INCLUDED IN THE GROSS ESTATE WITH RESPECT TO SUCH INTEREST BY REASON OF THIS SECTION IS ONE-HALF OF THE VALUE OF SUCH QUALIFIED JOINT INTEREST.

(2) QUALIFIED JOINT INTEREST DEFINED.--FOR PURPOSES OF PARAGRAPH (1), THE TERM "QUALIFIED JOINT INTEREST" MEANS ANY INTEREST IN PROPERTY HELD BY THE DECEDENT AND THE DECEDENT'S SPOUSE AS--

(A) TENANTS BY THE ENTIRETY, OR

(B) JOINT TENANTS WITH RIGHT OF SURVIVORSHIP, BUT ONLY IF THE DECEDENT AND THE SPOUSE OF THE DECEDENT ARE THE ONLY JOINT TENANTS.

S 2041. POWERS OF APPOINTMENT. (A) IN GENERAL.--THE VALUE OF THE GROSS ESTATE SHALL INCLUDE THE VALUE OF ALL PROPERTY--

(1) POWERS OF APPOINTMENT CREATED ON OR BEFORE OCTOBER 21, 1942.--TO THE EXTENT OF ANY PROPERTY WITH RESPECT TO WHICH A GENERAL POWER OF APPOINTMENT CREATED ON OR BEFORE OCTOBER 21, 1942, IS EXERCISED BY THE DECEDENT--

(A) BY WILL, OR

(B) BY A DISPOSITION WHICH IS OF SUCH NATURE THAT IF IT WERE A TRANSFER OF PROPERTY OWNED BY THE DECEDENT, SUCH PROPERTY WOULD BE INCLUDIBLE IN THE DECEDENT'S GROSS ESTATE UNDER SECTIONS 2035 TO 2038, INCLUSIVE;

BUT THE FAILURE TO EXERCISE SUCH A POWER OR THE COMPLETE RELEASE OF SUCH A POWER SHALL NOT BE DEEMED AN EXERCISE THEREOF. IF A GENERAL POWER

1 OF APPOINTMENT CREATED ON OR BEFORE OCTOBER 21, 1942, HAS BEEN PARTIALLY
2 RELEASED SO THAT IT IS NO LONGER A GENERAL POWER OF APPOINTMENT, THE
3 EXERCISE OF SUCH POWER SHALL NOT BE DEEMED TO BE THE EXERCISE OF A
4 GENERAL POWER OF APPOINTMENT IF--

5 (I) SUCH PARTIAL RELEASE OCCURRED BEFORE NOVEMBER 1, 1951, OR

6 (II) THE DONEE OF SUCH POWER WAS UNDER A LEGAL DISABILITY TO RELEASE
7 SUCH POWER ON OCTOBER 21, 1942, AND SUCH PARTIAL RELEASE OCCURRED NOT
8 LATER THAN 6 MONTHS AFTER THE TERMINATION OF SUCH LEGAL DISABILITY.

9 (2) POWERS CREATED AFTER OCTOBER 21, 1942.--TO THE EXTENT OF ANY PROP-
10 ERTY WITH RESPECT TO WHICH THE DECEDENT HAS AT THE TIME OF HIS DEATH A
11 GENERAL POWER OF APPOINTMENT CREATED AFTER OCTOBER 21, 1942, OR WITH
12 RESPECT TO WHICH THE DECEDENT HAS AT ANY TIME EXERCISED OR RELEASED SUCH
13 A POWER OF APPOINTMENT BY A DISPOSITION WHICH IS OF SUCH NATURE THAT IF
14 IT WERE A TRANSFER OF PROPERTY OWNED BY THE DECEDENT, SUCH PROPERTY
15 WOULD BE INCLUDIBLE IN THE DECEDENT'S GROSS ESTATE UNDER SECTIONS 2035
16 TO 2038, INCLUSIVE. FOR PURPOSES OF THIS PARAGRAPH (2), THE POWER OF
17 APPOINTMENT SHALL BE CONSIDERED TO EXIST ON THE DATE OF THE DECEDENT'S
18 DEATH EVEN THOUGH THE EXERCISE OF THE POWER IS SUBJECT TO A PRECEDENT
19 GIVING OF NOTICE OR EVEN THOUGH THE EXERCISE OF THE POWER TAKES EFFECT
20 ONLY ON THE EXPIRATION OF A STATED PERIOD AFTER ITS EXERCISE, WHETHER OR
21 NOT ON OR BEFORE THE DATE OF THE DECEDENT'S DEATH NOTICE HAS BEEN GIVEN
22 OR THE POWER HAS BEEN EXERCISED.

23 (3) CREATION OF ANOTHER POWER IN CERTAIN CASES.--TO THE EXTENT OF ANY
24 PROPERTY WITH RESPECT TO WHICH THE DECEDENT--

25 (A) BY WILL, OR

26 (B) BY A DISPOSITION WHICH IS OF SUCH NATURE THAT IF IT WERE A TRANS-
27 FER OF PROPERTY OWNED BY THE DECEDENT SUCH PROPERTY WOULD BE INCLUDIBLE
28 IN THE DECEDENT'S GROSS ESTATE UNDER SECTION 2035, 2036, OR 2037,

29 EXERCISES A POWER OF APPOINTMENT CREATED AFTER OCTOBER 21, 1942, BY
30 CREATING ANOTHER POWER OF APPOINTMENT WHICH UNDER THE APPLICABLE LOCAL
31 LAW CAN BE VALIDLY EXERCISED SO AS TO POSTPONE THE VESTING OF ANY ESTATE
32 OR INTEREST IN SUCH PROPERTY, OR SUSPEND THE ABSOLUTE OWNERSHIP OR POWER
33 OF ALIENATION OF SUCH PROPERTY, FOR A PERIOD ASCERTAINABLE WITHOUT
34 REGARD TO THE DATE OF THE CREATION OF THE FIRST POWER.

35 (B) DEFINITIONS.--FOR PURPOSES OF SUBSECTION (A)--

36 (1) GENERAL POWER OF APPOINTMENT.--THE TERM "GENERAL POWER OF APPOINT-
37 MENT" MEANS A POWER WHICH IS EXERCISABLE IN FAVOR OF THE DECEDENT, HIS
38 ESTATE, HIS CREDITORS, OR THE CREDITORS OF HIS ESTATE; EXCEPT THAT--

39 (A) A POWER TO CONSUME, INVADE, OR APPROPRIATE PROPERTY FOR THE BENE-
40 FIT OF THE DECEDENT WHICH IS LIMITED BY AN ASCERTAINABLE STANDARD RELAT-
41 ING TO THE HEALTH, EDUCATION, SUPPORT, OR MAINTENANCE OF THE DECEDENT
42 SHALL NOT BE DEEMED A GENERAL POWER OF APPOINTMENT.

43 (B) A POWER OF APPOINTMENT CREATED ON OR BEFORE OCTOBER 21, 1942,
44 WHICH IS EXERCISABLE BY THE DECEDENT ONLY IN CONJUNCTION WITH ANOTHER
45 PERSON SHALL NOT BE DEEMED A GENERAL POWER OF APPOINTMENT.

46 (C) IN THE CASE OF A POWER OF APPOINTMENT CREATED AFTER OCTOBER 21,
47 1942, WHICH IS EXERCISABLE BY THE DECEDENT ONLY IN CONJUNCTION WITH
48 ANOTHER PERSON--

49 (I) IF THE POWER IS NOT EXERCISABLE BY THE DECEDENT EXCEPT IN CONJUNC-
50 TION WITH THE CREATOR OF THE POWER--SUCH POWER SHALL NOT BE DEEMED A
51 GENERAL POWER OF APPOINTMENT.

52 (II) IF THE POWER IS NOT EXERCISABLE BY THE DECEDENT EXCEPT IN
53 CONJUNCTION WITH A PERSON HAVING A SUBSTANTIAL INTEREST IN THE PROPERTY,
54 SUBJECT TO THE POWER, WHICH IS ADVERSE TO EXERCISE OF THE POWER IN FAVOR
55 OF THE DECEDENT--SUCH POWER SHALL NOT BE DEEMED A GENERAL POWER OF
56 APPOINTMENT. FOR THE PURPOSES OF THIS CLAUSE A PERSON WHO, AFTER THE

1 DEATH OF THE DECEDENT, MAY BE POSSESSED OF A POWER OF APPOINTMENT (WITH
2 RESPECT TO THE PROPERTY SUBJECT TO THE DECEDENT'S POWER) WHICH HE MAY
3 EXERCISE IN HIS OWN FAVOR SHALL BE DEEMED AS HAVING AN INTEREST IN THE
4 PROPERTY AND SUCH INTEREST SHALL BE DEEMED ADVERSE TO SUCH EXERCISE OF
5 THE DECEDENT'S POWER.

6 (III) IF (AFTER THE APPLICATION OF CLAUSES (I) AND (II)) THE POWER IS
7 A GENERAL POWER OF APPOINTMENT AND IS EXERCISABLE IN FAVOR OF SUCH OTHER
8 PERSON--SUCH POWER SHALL BE DEEMED A GENERAL POWER OF APPOINTMENT ONLY
9 IN RESPECT OF A FRACTIONAL PART OF THE PROPERTY SUBJECT TO SUCH POWER,
10 SUCH PART TO BE DETERMINED BY DIVIDING THE VALUE OF SUCH PROPERTY BY THE
11 NUMBER OF SUCH PERSONS (INCLUDING THE DECEDENT) IN FAVOR OF WHOM SUCH
12 POWER IS EXERCISABLE.

13 FOR PURPOSES OF CLAUSES (II) AND (III), A POWER SHALL BE DEEMED TO BE
14 EXERCISABLE IN FAVOR OF A PERSON IF IT IS EXERCISABLE IN FAVOR OF SUCH
15 PERSON, HIS ESTATE, HIS CREDITORS, OR THE CREDITORS OF HIS ESTATE.

16 (2) LAPSE OF POWER.--THE LAPSE OF A POWER OF APPOINTMENT CREATED AFTER
17 OCTOBER 21, 1942, DURING THE LIFE OF THE INDIVIDUAL POSSESSING THE POWER
18 SHALL BE CONSIDERED A RELEASE OF SUCH POWER. THE PRECEDING SENTENCE
19 SHALL APPLY WITH RESPECT TO THE LAPSE OF POWERS DURING ANY CALENDAR YEAR
20 ONLY TO THE EXTENT THAT THE PROPERTY, WHICH COULD HAVE BEEN APPOINTED BY
21 EXERCISE OF SUCH LAPSED POWERS, EXCEEDED IN VALUE, AT THE TIME OF SUCH
22 LAPSE, THE GREATER OF THE FOLLOWING AMOUNTS:

23 (A) \$5,000, OR

24 (B) 5 PERCENT OF THE AGGREGATE VALUE, AT THE TIME OF SUCH LAPSE, OF
25 THE ASSETS OUT OF WHICH, OR THE PROCEEDS OF WHICH, THE EXERCISE OF THE
26 LAPSED POWERS COULD HAVE BEEN SATISFIED.

27 (3) DATE OF CREATION OF POWER.--FOR PURPOSES OF THIS SECTION, A POWER
28 OF APPOINTMENT CREATED BY A WILL EXECUTED ON OR BEFORE OCTOBER 21, 1942,
29 SHALL BE CONSIDERED A POWER CREATED ON OR BEFORE SUCH DATE IF THE PERSON
30 EXECUTING SUCH WILL DIES BEFORE JULY 1, 1949, WITHOUT HAVING REPUBLISHED
31 SUCH WILL, BY CODICIL OR OTHERWISE, AFTER OCTOBER 21, 1942.

32 S 2042. PROCEEDS OF LIFE INSURANCE. THE VALUE OF THE GROSS ESTATE
33 SHALL INCLUDE THE VALUE OF ALL PROPERTY--

34 (1) RECEIVABLE BY THE EXECUTOR.--TO THE EXTENT OF THE AMOUNT RECEIV-
35 ABLE BY THE EXECUTOR AS INSURANCE UNDER POLICIES ON THE LIFE OF THE
36 DECEDENT.

37 (2) RECEIVABLE BY OTHER BENEFICIARIES.--TO THE EXTENT OF THE AMOUNT
38 RECEIVABLE BY ALL OTHER BENEFICIARIES AS INSURANCE UNDER POLICIES ON THE
39 LIFE OF THE DECEDENT WITH RESPECT TO WHICH THE DECEDENT POSSESSED AT HIS
40 DEATH ANY OF THE INCIDENTS OF OWNERSHIP, EXERCISABLE EITHER ALONE OR IN
41 CONJUNCTION WITH ANY OTHER PERSON. FOR PURPOSES OF THE PRECEDING
42 SENTENCE, THE TERM "INCIDENT OF OWNERSHIP" INCLUDES A REVERSIONARY
43 INTEREST (WHETHER ARISING BY THE EXPRESS TERMS OF THE POLICY OR OTHER
44 INSTRUMENT OR BY OPERATION OF LAW) ONLY IF THE VALUE OF SUCH REVERSION-
45 ARY INTEREST EXCEEDED 5 PERCENT OF THE VALUE OF THE POLICY IMMEDIATELY
46 BEFORE THE DEATH OF THE DECEDENT. AS USED IN THIS PARAGRAPH, THE TERM
47 "REVERSIONARY INTEREST" INCLUDES A POSSIBILITY THAT THE POLICY, OR THE
48 PROCEEDS OF THE POLICY, MAY RETURN TO THE DECEDENT OR HIS ESTATE, OR MAY
49 BE SUBJECT TO A POWER OF DISPOSITION BY HIM. THE VALUE OF A REVERSIONARY
50 INTEREST AT ANY TIME SHALL BE DETERMINED (WITHOUT REGARD TO THE FACT OF
51 THE DECEDENT'S DEATH) BY USUAL METHODS OF VALUATION, INCLUDING THE USE
52 OF TABLES OF MORTALITY AND ACTUARIAL PRINCIPLES, PURSUANT TO REGULATIONS
53 PRESCRIBED BY THE SECRETARY. IN DETERMINING THE VALUE OF A POSSIBILITY
54 THAT THE POLICY OR PROCEEDS THEREOF MAY BE SUBJECT TO A POWER OF DISPO-
55 SITION BY THE DECEDENT, SUCH POSSIBILITY SHALL BE VALUED AS IF IT WERE A

1 POSSIBILITY THAT SUCH POLICY OR PROCEEDS MAY RETURN TO THE DECEDENT OR
2 HIS ESTATE.

3 S 2043. TRANSFERS FOR INSUFFICIENT CONSIDERATION. (A) IN GENERAL.--IF
4 ANY ONE OF THE TRANSFERS, TRUSTS, INTERESTS, RIGHTS, OR POWERS ENUMER-
5 ATED AND DESCRIBED IN SECTIONS 2035 TO 2038, INCLUSIVE, AND SECTION 2041
6 IS MADE, CREATED, EXERCISED, OR RELINQUISHED FOR A CONSIDERATION IN
7 MONEY OR MONEY'S WORTH, BUT IS NOT A BONA FIDE SALE FOR AN ADEQUATE AND
8 FULL CONSIDERATION IN MONEY OR MONEY'S WORTH, THERE SHALL BE INCLUDED IN
9 THE GROSS ESTATE ONLY THE EXCESS OF THE FAIR MARKET VALUE AT THE TIME OF
10 DEATH OF THE PROPERTY OTHERWISE TO BE INCLUDED ON ACCOUNT OF SUCH TRANS-
11 ACTION, OVER THE VALUE OF THE CONSIDERATION RECEIVED THEREFOR BY THE
12 DECEDENT.

13 (B) MARITAL RIGHTS NOT TREATED AS CONSIDERATION.--

14 (1) IN GENERAL.--FOR PURPOSES OF THIS CHAPTER, A RELINQUISHMENT OR
15 PROMISED RELINQUISHMENT OF DOWER OR CURTESY, OR OF A STATUTORY ESTATE
16 CREATED IN LIEU OF DOWER OR CURTESY, OR OF OTHER MARITAL RIGHTS IN THE
17 DECEDENT'S PROPERTY OR ESTATE, SHALL NOT BE CONSIDERED TO ANY EXTENT A
18 CONSIDERATION "IN MONEY OR MONEY'S WORTH".

19 (2) EXCEPTION.--FOR PURPOSES OF SECTION 2053 (RELATING TO EXPENSES,
20 INDEBTEDNESS, AND TAXES), A TRANSFER OF PROPERTY WHICH SATISFIES THE
21 REQUIREMENTS OF PARAGRAPH (1) OF SECTION 2516 (RELATING TO CERTAIN PROP-
22 erty SETTLEMENTS) SHALL BE CONSIDERED TO BE MADE FOR AN ADEQUATE AND
23 FULL CONSIDERATION IN MONEY OR MONEY'S WORTH.

24 S 2044. CERTAIN PROPERTY FOR WHICH MARITAL DEDUCTION WAS PREVIOUSLY
25 ALLOWED. (A) GENERAL RULE.--THE VALUE OF THE GROSS ESTATE SHALL INCLUDE
26 THE VALUE OF ANY PROPERTY TO WHICH THIS SECTION APPLIES IN WHICH THE
27 DECEDENT HAD A QUALIFYING INCOME INTEREST FOR LIFE.

28 (B) PROPERTY TO WHICH THIS SECTION APPLIES.--THIS SECTION APPLIES TO
29 ANY PROPERTY IF--

30 (1) A DEDUCTION WAS ALLOWED WITH RESPECT TO THE TRANSFER OF SUCH PROP-
31 erty TO THE DECEDENT--

32 (A) UNDER SECTION 2056 BY REASON OF SUBSECTION (B)(7) THEREOF, OR

33 (B) UNDER SECTION 2523 BY REASON OF SUBSECTION (F) THEREOF, AND

34 (2) SECTION 2519 (RELATING TO DISPOSITIONS OF CERTAIN LIFE ESTATES)
35 DID NOT APPLY WITH RESPECT TO A DISPOSITION BY THE DECEDENT OF PART OR
36 ALL OF SUCH PROPERTY.

37 (C) PROPERTY TREATED AS HAVING PASSED FROM DECEDENT.--FOR PURPOSES OF
38 THIS CHAPTER AND CHAPTER 13, PROPERTY INCLUDIBLE IN THE GROSS ESTATE OF
39 THE DECEDENT UNDER SUBSECTION (A) SHALL BE TREATED AS PROPERTY PASSING
40 FROM THE DECEDENT.

41 S 2045. PRIOR INTERESTS. EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED BY
42 LAW, SECTIONS 2034 TO 2042, INCLUSIVE, SHALL APPLY TO THE TRANSFERS,
43 TRUSTS, ESTATES, INTERESTS, RIGHTS, POWERS, AND RELINQUISHMENT OF
44 POWERS, AS SEVERALLY ENUMERATED AND DESCRIBED THEREIN, WHENEVER MADE,
45 CREATED, ARISING, EXISTING, EXERCISED, OR RELINQUISHED.

46 S 2046. DISCLAIMERS. FOR PROVISIONS RELATING TO THE EFFECT OF A QUALI-
47 FIED DISCLAIMER FOR PURPOSES OF THIS CHAPTER, SEE SECTION 2518.

48 S 2053. EXPENSES, INDEBTEDNESS, AND TAXES. (A) GENERAL RULE.--FOR
49 PURPOSES OF THE TAX IMPOSED BY SECTION 2001, THE VALUE OF THE TAXABLE
50 ESTATE SHALL BE DETERMINED BY DEDUCTING FROM THE VALUE OF THE GROSS
51 ESTATE SUCH AMOUNTS--

52 (1) FOR FUNERAL EXPENSES,

53 (2) FOR ADMINISTRATION EXPENSES,

54 (3) FOR CLAIMS AGAINST THE ESTATE, AND

55 (4) FOR UNPAID MORTGAGES ON, OR ANY INDEBTEDNESS IN RESPECT OF, PROP-
56 erty WHERE THE VALUE OF THE DECEDENT'S INTEREST THEREIN, UNDIMINISHED BY

1 SUCH MORTGAGE OR INDEBTEDNESS, IS INCLUDED IN THE VALUE OF THE GROSS
2 ESTATE,

3 AS ARE ALLOWABLE BY THE LAWS OF THE JURISDICTION, WHETHER WITHIN OR
4 WITHOUT THE UNITED STATES, UNDER WHICH THE ESTATE IS BEING ADMINISTERED.

5 (B) OTHER ADMINISTRATION EXPENSES.--SUBJECT TO THE LIMITATIONS IN
6 PARAGRAPH (1) OF SUBSECTION (C), THERE SHALL BE DEDUCTED IN DETERMINING
7 THE TAXABLE ESTATE AMOUNTS REPRESENTING EXPENSES INCURRED IN ADMINISTER-
8 ING PROPERTY NOT SUBJECT TO CLAIMS WHICH IS INCLUDED IN THE GROSS ESTATE
9 TO THE SAME EXTENT SUCH AMOUNTS WOULD BE ALLOWABLE AS A DEDUCTION UNDER
10 SUBSECTION (A) IF SUCH PROPERTY WERE SUBJECT TO CLAIMS, AND SUCH AMOUNTS
11 ARE PAID BEFORE THE EXPIRATION OF THE PERIOD OF LIMITATION FOR ASSESS-
12 MENT PROVIDED IN SECTION 6501.

13 (C) LIMITATIONS.--

14 (1) LIMITATIONS APPLICABLE TO SUBSECTIONS (A) AND (B).--

15 (A) CONSIDERATION FOR CLAIMS.--THE DEDUCTION ALLOWED BY THIS SECTION
16 IN THE CASE OF CLAIMS AGAINST THE ESTATE, UNPAID MORTGAGES, OR ANY
17 INDEBTEDNESS SHALL, WHEN FOUNDED ON A PROMISE OR AGREEMENT, BE LIMITED
18 TO THE EXTENT THAT THEY WERE CONTRACTED BONA FIDE AND FOR AN ADEQUATE
19 AND FULL CONSIDERATION IN MONEY OR MONEY'S WORTH; EXCEPT THAT IN ANY
20 CASE IN WHICH ANY SUCH CLAIM IS FOUNDED ON A PROMISE OR AGREEMENT OF THE
21 DECEDENT TO MAKE A CONTRIBUTION OR GIFT TO OR FOR THE USE OF ANY DONEE
22 DESCRIBED IN SECTION 2055 FOR THE PURPOSES SPECIFIED THEREIN, THE
23 DEDUCTION FOR SUCH CLAIMS SHALL NOT BE SO LIMITED, BUT SHALL BE LIMITED
24 TO THE EXTENT THAT IT WOULD BE ALLOWABLE AS A DEDUCTION UNDER SECTION
25 2055 IF SUCH PROMISE OR AGREEMENT CONSTITUTED A BEQUEST.

26 (B) CERTAIN TAXES.--ANY INCOME TAXES ON INCOME RECEIVED AFTER THE
27 DEATH OF THE DECEDENT, OR PROPERTY TAXES NOT ACCRUED BEFORE HIS DEATH,
28 OR ANY ESTATE, SUCCESSION, LEGACY, OR INHERITANCE TAXES, SHALL NOT BE
29 DEDUCTIBLE UNDER THIS SECTION.

30 (C) CERTAIN CLAIMS BY REMAINDERMEN.--NO DEDUCTION SHALL BE ALLOWED
31 UNDER THIS SECTION FOR A CLAIM AGAINST THE ESTATE BY A REMAINDERMAN
32 RELATING TO ANY PROPERTY DESCRIBED IN SECTION 2044.

33 (D) SECTION 6166 INTEREST.--NO DEDUCTION SHALL BE ALLOWED UNDER THIS
34 SECTION FOR ANY INTEREST PAYABLE UNDER SECTION 6601 ON ANY UNPAID
35 PORTION OF THE TAX IMPOSED BY SECTION 2001 FOR THE PERIOD DURING WHICH
36 AN EXTENSION OF TIME FOR PAYMENT OF SUCH TAX IS IN EFFECT UNDER SECTION
37 6166.

38 (2) LIMITATIONS APPLICABLE ONLY TO SUBSECTION (A).--IN THE CASE OF THE
39 AMOUNTS DESCRIBED IN SUBSECTION (A), THERE SHALL BE DISALLOWED THE
40 AMOUNT BY WHICH THE DEDUCTIONS SPECIFIED THEREIN EXCEED THE VALUE, AT
41 THE TIME OF THE DECEDENT'S DEATH, OF PROPERTY SUBJECT TO CLAIMS, EXCEPT
42 TO THE EXTENT THAT SUCH DEDUCTIONS REPRESENT AMOUNTS PAID BEFORE THE
43 DATE PRESCRIBED FOR THE FILING OF THE ESTATE TAX RETURN. FOR PURPOSES OF
44 THIS SECTION, THE TERM "PROPERTY SUBJECT TO CLAIMS" MEANS PROPERTY
45 INCLUDIBLE IN THE GROSS ESTATE OF THE DECEDENT WHICH, OR THE AVAILS OF
46 WHICH, WOULD UNDER THE APPLICABLE LAW, BEAR THE BURDEN OF THE PAYMENT OF
47 SUCH DEDUCTIONS IN THE FINAL ADJUSTMENT AND SETTLEMENT OF THE ESTATE,
48 EXCEPT THAT THE VALUE OF THE PROPERTY SHALL BE REDUCED BY THE AMOUNT OF
49 THE DEDUCTION UNDER SECTION 2054 ATTRIBUTABLE TO SUCH PROPERTY.

50 (D) CERTAIN FOREIGN DEATH TAXES.--

51 (1) IN GENERAL.--NOTWITHSTANDING THE PROVISIONS OF SUBSECTION
52 (C)(1)(B), FOR PURPOSES OF THE TAX IMPOSED BY SECTION 2001, THE VALUE OF
53 THE TAXABLE ESTATE MAY BE DETERMINED, IF THE EXECUTOR SO ELECTS BEFORE
54 THE EXPIRATION OF THE PERIOD OF LIMITATION FOR ASSESSMENT PROVIDED IN
55 SECTION 6501, BY DEDUCTING FROM THE VALUE OF THE GROSS ESTATE THE AMOUNT
56 (AS DETERMINED IN ACCORDANCE WITH REGULATIONS PRESCRIBED BY THE SECRE-

1 TARY) OF ANY ESTATE, SUCCESSION, LEGACY, OR INHERITANCE TAX IMPOSED BY
2 AND ACTUALLY PAID TO ANY FOREIGN COUNTRY, IN RESPECT OF ANY PROPERTY
3 SITUATED WITHIN SUCH FOREIGN COUNTRY AND INCLUDED IN THE GROSS ESTATE OF
4 A CITIZEN OR RESIDENT OF THE UNITED STATES, UPON A TRANSFER BY THE DECE-
5 DENT FOR PUBLIC, CHARITABLE, OR RELIGIOUS USES DESCRIBED IN SECTION
6 2055. THE DETERMINATION UNDER THIS PARAGRAPH OF THE COUNTRY WITHIN WHICH
7 PROPERTY IS SITUATED SHALL BE MADE IN ACCORDANCE WITH THE RULES APPLICA-
8 BLE UNDER SUBCHAPTER B (SEC. 2101 AND FOLLOWING) IN DETERMINING WHETHER
9 PROPERTY IS SITUATED WITHIN OR WITHOUT THE UNITED STATES. ANY ELECTION
10 UNDER THIS PARAGRAPH SHALL BE EXERCISED IN ACCORDANCE WITH REGULATIONS
11 PRESCRIBED BY THE SECRETARY.

12 (2) CONDITION FOR ALLOWANCE OF DEDUCTION.--NO DEDUCTION SHALL BE
13 ALLOWED UNDER PARAGRAPH (1) FOR A FOREIGN DEATH TAX SPECIFIED THEREIN
14 UNLESS THE DECREASE IN THE TAX IMPOSED BY SECTION 2001 WHICH RESULTS
15 FROM THE DEDUCTION PROVIDED IN PARAGRAPH (1) WILL INURE SOLELY FOR THE
16 BENEFIT OF THE PUBLIC, CHARITABLE, OR RELIGIOUS TRANSFEREES DESCRIBED IN
17 SECTION 2055 OR SECTION 2106(A)(2). IN ANY CASE WHERE THE TAX IMPOSED
18 BY SECTION 2001 IS EQUITABLY APPORTIONED AMONG ALL THE TRANSFEREES OF
19 PROPERTY INCLUDED IN THE GROSS ESTATE, INCLUDING THOSE DESCRIBED IN
20 SECTIONS 2055 AND 2106(A)(2) (TAKING INTO ACCOUNT ANY EXEMPTIONS, CRED-
21 ITS, OR DEDUCTIONS ALLOWED BY THIS CHAPTER), IN DETERMINING SUCH
22 DECREASE, THERE SHALL BE DISREGARDED ANY DECREASE IN THE FEDERAL ESTATE
23 TAX WHICH ANY TRANSFEREES OTHER THAN THOSE DESCRIBED IN SECTIONS 2055
24 AND 2106(A)(2) ARE REQUIRED TO PAY.

25 (3) EFFECT ON CREDIT FOR FOREIGN DEATH TAXES OF DEDUCTION UNDER THIS
26 SUBSECTION.--

27 (A) ELECTION.--AN ELECTION UNDER THIS SUBSECTION SHALL BE DEEMED A
28 WAIVER OF THE RIGHT TO CLAIM A CREDIT, AGAINST THE FEDERAL ESTATE TAX,
29 UNDER A DEATH TAX CONVENTION WITH ANY FOREIGN COUNTRY FOR ANY TAX OR
30 PORTION THEREOF IN RESPECT OF WHICH A DEDUCTION IS TAKEN UNDER THIS
31 SUBSECTION.

32 (B) CROSS REFERENCE.--

33 SEE SECTION 2011(D) FOR THE EFFECT OF A DEDUCTION TAKEN UNDER THIS
34 PARAGRAPH ON THE CREDIT FOR FOREIGN DEATH TAXES.

35 (E) MARITAL RIGHTS.--

36 FOR PROVISIONS TREATING CERTAIN RELINQUISHMENTS OF MARITAL RIGHTS AS
37 CONSIDERATION IN MONEY OR MONEY'S WORTH, SEE SECTION 2043(B)(2).

38 S 2054. LOSSES. FOR PURPOSES OF THE TAX IMPOSED BY SECTION 2001, THE
39 VALUE OF THE TAXABLE ESTATE SHALL BE DETERMINED BY DEDUCTING FROM THE
40 VALUE OF THE GROSS ESTATE LOSSES INCURRED DURING THE SETTLEMENT OF
41 ESTATES ARISING FROM FIRES, STORMS, SHIPWRECKS, OR OTHER CASUALTIES, OR
42 FROM THEFT, WHEN SUCH LOSSES ARE NOT COMPENSATED FOR BY INSURANCE OR
43 OTHERWISE.

44 S 2055. TRANSFERS FOR PUBLIC, CHARITABLE, AND RELIGIOUS USES.

45 (A) IN GENERAL.--FOR PURPOSES OF THE TAX IMPOSED BY SECTION 2001, THE
46 VALUE OF THE TAXABLE ESTATE SHALL BE DETERMINED BY DEDUCTING FROM THE
47 VALUE OF THE GROSS ESTATE THE AMOUNT OF ALL BEQUESTS, LEGACIES, DEVISES,
48 OR TRANSFERS--

49 (1) TO OR FOR THE USE OF THE UNITED STATES, ANY STATE, ANY POLITICAL
50 SUBDIVISION THEREOF, OR THE DISTRICT OF COLUMBIA, FOR EXCLUSIVELY PUBLIC
51 PURPOSES;

52 (2) TO OR FOR THE USE OF ANY CORPORATION ORGANIZED AND OPERATED EXCLU-
53 SIVELY FOR RELIGIOUS, CHARITABLE, SCIENTIFIC, LITERARY, OR EDUCATIONAL
54 PURPOSES, INCLUDING THE ENCOURAGEMENT OF ART, OR TO FOSTER NATIONAL OR
55 INTERNATIONAL AMATEUR SPORTS COMPETITION (BUT ONLY IF NO PART OF ITS
56 ACTIVITIES INVOLVE THE PROVISION OF ATHLETIC FACILITIES OR EQUIPMENT),

1 AND THE PREVENTION OF CRUELTY TO CHILDREN OR ANIMALS, NO PART OF THE NET
2 EARNINGS OF WHICH INURES TO THE BENEFIT OF ANY PRIVATE STOCKHOLDER OR
3 INDIVIDUAL, WHICH IS NOT DISQUALIFIED FOR TAX EXEMPTION UNDER SECTION
4 501(C)(3) BY REASON OF ATTEMPTING TO INFLUENCE LEGISLATION, AND WHICH
5 DOES NOT PARTICIPATE IN, OR INTERVENE IN (INCLUDING THE PUBLISHING OR
6 DISTRIBUTING OF STATEMENTS), ANY POLITICAL CAMPAIGN ON BEHALF OF (OR IN
7 OPPOSITION TO) ANY CANDIDATE FOR PUBLIC OFFICE;

8 (3) TO A TRUSTEE OR TRUSTEES, OR A FRATERNAL SOCIETY, ORDER, OR ASSO-
9 CIATION OPERATING UNDER THE LODGE SYSTEM, BUT ONLY IF SUCH CONTRIBUTIONS
10 OR GIFTS ARE TO BE USED BY SUCH TRUSTEE OR TRUSTEES, OR BY SUCH FRATER-
11 NAL SOCIETY, ORDER, OR ASSOCIATION, EXCLUSIVELY FOR RELIGIOUS, CHARITA-
12 BLE, SCIENTIFIC, LITERARY, OR EDUCATIONAL PURPOSES, OR FOR THE
13 PREVENTION OF CRUELTY TO CHILDREN OR ANIMALS, SUCH TRUST, FRATERNAL
14 SOCIETY, ORDER, OR ASSOCIATION WOULD NOT BE DISQUALIFIED FOR TAX
15 EXEMPTION UNDER SECTION 501(C)(3) BY REASON OF ATTEMPTING TO INFLUENCE
16 LEGISLATION, AND SUCH TRUSTEE OR TRUSTEES, OR SUCH FRATERNAL SOCIETY,
17 ORDER, OR ASSOCIATION, DOES NOT PARTICIPATE IN, OR INTERVENE IN (INCLUD-
18 ING THE PUBLISHING OR DISTRIBUTING OF STATEMENTS), ANY POLITICAL
19 CAMPAIGN ON BEHALF OF (OR IN OPPOSITION TO) ANY CANDIDATE FOR PUBLIC
20 OFFICE;

21 (4) TO OR FOR THE USE OF ANY VETERANS' ORGANIZATION INCORPORATED BY
22 ACT OF CONGRESS, OR OF ITS DEPARTMENTS OR LOCAL CHAPTERS OR POSTS, NO
23 PART OF THE NET EARNINGS OF WHICH INURES TO THE BENEFIT OF ANY PRIVATE
24 SHAREHOLDER OR INDIVIDUAL; OR

25 (5) TO AN EMPLOYEE STOCK OWNERSHIP PLAN IF SUCH TRANSFER QUALIFIES AS
26 A QUALIFIED GRATUITOUS TRANSFER OF QUALIFIED EMPLOYER SECURITIES WITHIN
27 THE MEANING OF SECTION 664(G).

28 FOR PURPOSES OF THIS SUBSECTION, THE COMPLETE TERMINATION BEFORE THE
29 DATE PRESCRIBED FOR THE FILING OF THE ESTATE TAX RETURN OF A POWER TO
30 CONSUME, INVADGE, OR APPROPRIATE PROPERTY FOR THE BENEFIT OF AN INDIVID-
31 UAL BEFORE SUCH POWER HAS BEEN EXERCISED BY REASON OF THE DEATH OF SUCH
32 INDIVIDUAL OR FOR ANY OTHER REASON SHALL BE CONSIDERED AND DEEMED TO BE
33 A QUALIFIED DISCLAIMER WITH THE SAME FULL FORCE AND EFFECT AS THOUGH HE
34 HAD FILED SUCH QUALIFIED DISCLAIMER. RULES SIMILAR TO THE RULES OF
35 SECTION 501(J) SHALL APPLY FOR PURPOSES OF PARAGRAPH (2).

36 (B) POWERS OF APPOINTMENT.--PROPERTY INCLUDIBLE IN THE DECEDENT'S
37 GROSS ESTATE UNDER SECTION 2041 (RELATING TO POWERS OF APPOINTMENT)
38 RECEIVED BY A DONEE DESCRIBED IN THIS SECTION SHALL, FOR PURPOSES OF
39 THIS SECTION, BE CONSIDERED A BEQUEST OF SUCH DECEDENT.

40 (C) DEATH TAXES PAYABLE OUT OF BEQUESTS.--IF THE TAX IMPOSED BY
41 SECTION 2001, OR ANY ESTATE, SUCCESSION, LEGACY, OR INHERITANCE TAXES,
42 ARE, EITHER BY THE TERMS OF THE WILL, BY THE LAW OF THE JURISDICTION
43 UNDER WHICH THE ESTATE IS ADMINISTERED, OR BY THE LAW OF THE JURISDIC-
44 TION IMPOSING THE PARTICULAR TAX, PAYABLE IN WHOLE OR IN PART OUT OF THE
45 BEQUESTS, LEGACIES, OR DEVISES OTHERWISE DEDUCTIBLE UNDER THIS SECTION,
46 THEN THE AMOUNT DEDUCTIBLE UNDER THIS SECTION SHALL BE THE AMOUNT OF
47 SUCH BEQUESTS, LEGACIES, OR DEVISES REDUCED BY THE AMOUNT OF SUCH TAXES.

48 (D) LIMITATION ON DEDUCTION.--THE AMOUNT OF THE DEDUCTION UNDER THIS
49 SECTION FOR ANY TRANSFER SHALL NOT EXCEED THE VALUE OF THE TRANSFERRED
50 PROPERTY REQUIRED TO BE INCLUDED IN THE GROSS ESTATE.

51 (E) DISALLOWANCE OF DEDUCTIONS IN CERTAIN CASES.--

52 (1) NO DEDUCTION SHALL BE ALLOWED UNDER THIS SECTION FOR A TRANSFER TO
53 OR FOR THE USE OF AN ORGANIZATION OR TRUST DESCRIBED IN SECTION 508(D)
54 OR 4948(C)(4) SUBJECT TO THE CONDITIONS SPECIFIED IN SUCH SECTIONS.

55 (2) WHERE AN INTEREST IN PROPERTY (OTHER THAN AN INTEREST DESCRIBED IN
56 SECTION 170(F)(3)(B)) PASSES OR HAS PASSED FROM THE DECEDENT TO A

PERSON, OR FOR A USE, DESCRIBED IN SUBSECTION (A), AND AN INTEREST (OTHER THAN AN INTEREST WHICH IS EXTINGUISHED UPON THE DECEDENT'S DEATH) IN THE SAME PROPERTY PASSES OR HAS PASSED (FOR LESS THAN AN ADEQUATE AND FULL CONSIDERATION IN MONEY OR MONEY'S WORTH) FROM THE DECEDENT TO A PERSON, OR FOR A USE, NOT DESCRIBED IN SUBSECTION (A), NO DEDUCTION SHALL BE ALLOWED UNDER THIS SECTION FOR THE INTEREST WHICH PASSES OR HAS PASSED TO THE PERSON, OR FOR THE USE, DESCRIBED IN SUBSECTION (A) UNLESS--

(A) IN THE CASE OF A REMAINDER INTEREST, SUCH INTEREST IS IN A TRUST WHICH IS A CHARITABLE REMAINDER ANNUITY TRUST OR A CHARITABLE REMAINDER UNITRUST (DESCRIBED IN SECTION 664) OR A POOLED INCOME FUND (DESCRIBED IN SECTION 642(C)(5)), OR

(B) IN THE CASE OF ANY OTHER INTEREST, SUCH INTEREST IS IN THE FORM OF A GUARANTEED ANNUITY OR IS A FIXED PERCENTAGE DISTRIBUTED YEARLY OF THE FAIR MARKET VALUE OF THE PROPERTY (TO BE DETERMINED YEARLY).

(3) REFORMATIONS TO COMPLY WITH PARAGRAPH (2).--

(A) IN GENERAL.--A DEDUCTION SHALL BE ALLOWED UNDER SUBSECTION (A) IN RESPECT OF ANY QUALIFIED REFORMATION.

(B) QUALIFIED REFORMATION.--FOR PURPOSES OF THIS PARAGRAPH, THE TERM "QUALIFIED REFORMATION" MEANS A CHANGE OF A GOVERNING INSTRUMENT BY REFORMATION, AMENDMENT, CONSTRUCTION, OR OTHERWISE WHICH CHANGES A REFORMABLE INTEREST INTO A QUALIFIED INTEREST BUT ONLY IF--

(I) ANY DIFFERENCE BETWEEN--

(I) THE ACTUARIAL VALUE (DETERMINED AS OF THE DATE OF THE DECEDENT'S DEATH) OF THE QUALIFIED INTEREST, AND

(II) THE ACTUARIAL VALUE (AS SO DETERMINED) OF THE REFORMABLE INTEREST,

DOES NOT EXCEED 5 PERCENT OF THE ACTUARIAL VALUE (AS SO DETERMINED) OF THE REFORMABLE INTEREST,

(II) IN THE CASE OF--

(I) A CHARITABLE REMAINDER INTEREST, THE NONREMAINDER INTEREST (BEFORE AND AFTER THE QUALIFIED REFORMATION) TERMINATED AT THE SAME TIME, OR

(II) ANY OTHER INTEREST, THE REFORMABLE INTEREST AND THE QUALIFIED INTEREST ARE FOR THE SAME PERIOD, AND

(III) SUCH CHANGE IS EFFECTIVE AS OF THE DATE OF THE DECEDENT'S DEATH.

A NONREMAINDER INTEREST (BEFORE REFORMATION) FOR A TERM OF YEARS IN EXCESS OF 20 YEARS SHALL BE TREATED AS SATISFYING SUBCLAUSE (I) OF CLAUSE (II) IF SUCH INTEREST (AFTER REFORMATION) IS FOR A TERM OF 20 YEARS.

(C) REFORMABLE INTEREST.--FOR PURPOSES OF THIS PARAGRAPH--

(I) IN GENERAL.--THE TERM "REFORMABLE INTEREST" MEANS ANY INTEREST FOR WHICH A DEDUCTION WOULD BE ALLOWABLE UNDER SUBSECTION (A) AT THE TIME OF THE DECEDENT'S DEATH BUT FOR PARAGRAPH (2).

(II) BENEFICIARY'S INTEREST MUST BE FIXED.--THE TERM "REFORMABLE INTEREST" DOES NOT INCLUDE ANY INTEREST UNLESS, BEFORE THE REMAINDER VESTS IN POSSESSION, ALL PAYMENTS TO PERSONS OTHER THAN AN ORGANIZATION DESCRIBED IN SUBSECTION (A) ARE EXPRESSED EITHER IN SPECIFIED DOLLAR AMOUNTS OR A FIXED PERCENTAGE OF THE FAIR MARKET VALUE OF THE PROPERTY. FOR PURPOSES OF DETERMINING WHETHER ALL SUCH PAYMENTS ARE EXPRESSED AS A FIXED PERCENTAGE OF THE FAIR MARKET VALUE OF THE PROPERTY, SECTION 664(D)(3) SHALL BE TAKEN INTO ACCOUNT.

(III) SPECIAL RULE WHERE TIMELY COMMENCEMENT OF REFORMATION.--CLAUSE

(II) SHALL NOT APPLY TO ANY INTEREST IF A JUDICIAL PROCEEDING IS COMMENCED TO CHANGE SUCH INTEREST INTO A QUALIFIED INTEREST NOT LATER THAN THE 90TH DAY AFTER--

(I) IF AN ESTATE TAX RETURN IS REQUIRED TO BE FILED, THE LAST DATE

1 (INCLUDING EXTENSIONS) FOR FILING SUCH RETURN, OR

2 (II) IF NO ESTATE TAX RETURN IS REQUIRED TO BE FILED, THE LAST DATE
3 (INCLUDING EXTENSIONS) FOR FILING THE INCOME TAX RETURN FOR THE 1ST
4 TAXABLE YEAR FOR WHICH SUCH A RETURN IS REQUIRED TO BE FILED BY THE
5 TRUST.

6 (IV) SPECIAL RULE FOR WILL EXECUTED BEFORE JANUARY 1, 1979, ETC.--IN
7 THE CASE OF ANY INTEREST PASSING UNDER A WILL EXECUTED BEFORE JANUARY 1,
8 1979, OR UNDER A TRUST CREATED BEFORE SUCH DATE, CLAUSE (II) SHALL NOT
9 APPLY.

10 (D) QUALIFIED INTEREST.--FOR PURPOSES OF THIS PARAGRAPH, THE TERM
11 "QUALIFIED INTEREST" MEANS AN INTEREST FOR WHICH A DEDUCTION IS ALLOW-
12 ABLE UNDER SUBSECTION (A).

13 (E) LIMITATION.--THE DEDUCTION REFERRED TO IN SUBPARAGRAPH (A) SHALL
14 NOT EXCEED THE AMOUNT OF THE DEDUCTION WHICH WOULD HAVE BEEN ALLOWABLE
15 FOR THE REFORMABLE INTEREST BUT FOR PARAGRAPH (2).

16 (F) SPECIAL RULE WHERE INCOME BENEFICIARY DIES.--IF (BY REASON OF THE
17 DEATH OF ANY INDIVIDUAL, OR BY TERMINATION OR DISTRIBUTION OF A TRUST IN
18 ACCORDANCE WITH THE TERMS OF THE TRUST INSTRUMENT) BY THE DUE DATE FOR
19 FILING THE ESTATE TAX RETURN (INCLUDING ANY EXTENSION THEREOF) A REFORM-
20 ABLE INTEREST IS IN A WHOLLY CHARITABLE TRUST OR PASSES DIRECTLY TO A
21 PERSON OR FOR A USE DESCRIBED IN SUBSECTION (A), A DEDUCTION SHALL BE
22 ALLOWED FOR SUCH REFORMABLE INTEREST AS IF IT HAD MET THE REQUIREMENTS
23 OF PARAGRAPH (2) ON THE DATE OF THE DECEDENT'S DEATH. FOR PURPOSES OF
24 THE PRECEDING SENTENCE, THE TERM "WHOLLY CHARITABLE TRUST" MEANS A CHAR-
25 ITABLE TRUST WHICH, UPON THE ALLOWANCE OF A DEDUCTION, WOULD BE
26 DESCRIBED IN SECTION 4947(A)(1).

27 (G) STATUTE OF LIMITATIONS.--THE PERIOD FOR ASSESSING ANY DEFICIENCY
28 OF ANY TAX ATTRIBUTABLE TO THE APPLICATION OF THIS PARAGRAPH SHALL NOT
29 EXPIRE BEFORE THE DATE 1 YEAR AFTER THE DATE ON WHICH THE SECRETARY IS
30 NOTIFIED THAT SUCH REFORMATION (OR OTHER PROCEEDING PURSUANT TO SUBPARA-
31 GRAPH (J))1 HAS OCCURRED.

32 (H) REGULATIONS.--THE SECRETARY SHALL PRESCRIBE SUCH REGULATIONS AS
33 MAY BE NECESSARY TO CARRY OUT THE PURPOSES OF THIS PARAGRAPH, INCLUDING
34 REGULATIONS PROVIDING SUCH ADJUSTMENTS IN THE APPLICATION OF THE
35 PROVISIONS OF SECTION 508 (RELATING TO SPECIAL RULES RELATING TO SECTION
36 501(C)(3) ORGANIZATIONS), SUBCHAPTER J (RELATING TO ESTATES, TRUSTS,
37 BENEFICIARIES, AND DECEDENTS), AND CHAPTER 42 (RELATING TO PRIVATE FOUN-
38 DATIONS) AS MAY BE NECESSARY BY REASON OF THE QUALIFIED REFORMATION.

39 (I) REFORMATIONS PERMITTED IN CASE OF REMAINDER INTERESTS IN RESIDENCE
40 OR FARM, POOLED INCOME FUNDS, ETC.--THE SECRETARY SHALL PRESCRIBE REGU-
41 LATIONS (CONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH) PERMITTING
42 REFORMATIONS IN THE CASE OF ANY FAILURE--

43 (I) TO MEET THE REQUIREMENTS OF SECTION 170(F)(3)(B) (RELATING TO
44 REMAINDER INTERESTS IN PERSONAL RESIDENCE OR FARM, ETC.), OR

45 (II) TO MEET THE REQUIREMENTS OF SECTION 642(C)(5).

46 (J) VOID OR REFORMED TRUST IN CASES OF INSUFFICIENT REMAINDER INTER-
47 ESTS.--IN THE CASE OF A TRUST THAT WOULD QUALIFY (OR COULD BE REFORMED
48 TO QUALIFY PURSUANT TO SUBPARAGRAPH (B)) BUT FOR FAILURE TO SATISFY THE
49 REQUIREMENT OF PARAGRAPH (1)(D) OR (2)(D) OF SECTION 664(D), SUCH TRUST
50 MAY BE--

51 (I) DECLARED NULL AND VOID AB INITIO, OR

52 (II) CHANGED BY REFORMATION, AMENDMENT, OR OTHERWISE TO MEET SUCH
53 REQUIREMENT BY REDUCING THE PAYOUT RATE OR THE DURATION (OR BOTH) OF ANY
54 NONCHARITABLE BENEFICIARY'S INTEREST TO THE EXTENT NECESSARY TO SATISFY
55 SUCH REQUIREMENT,

1 PURSUANT TO A PROCEEDING THAT IS COMMENCED WITHIN THE PERIOD REQUIRED
2 IN SUBPARAGRAPH (C)(III). IN A CASE DESCRIBED IN CLAUSE (I), NO
3 DEDUCTION SHALL BE ALLOWED UNDER THIS TITLE FOR ANY TRANSFER TO THE
4 TRUST AND ANY TRANSACTIONS ENTERED INTO BY THE TRUST PRIOR TO BEING
5 DECLARED VOID SHALL BE TREATED AS ENTERED INTO BY THE TRANSFEROR.

6 (4) WORKS OF ART AND THEIR COPYRIGHTS TREATED AS SEPARATE PROPERTIES
7 IN CERTAIN CASES.--

8 (A) IN GENERAL.--IN THE CASE OF A QUALIFIED CONTRIBUTION OF A WORK OF
9 ART, THE WORK OF ART AND THE COPYRIGHT ON SUCH WORK OF ART SHALL BE
10 TREATED AS SEPARATE PROPERTIES FOR PURPOSES OF PARAGRAPH (2).

11 (B) WORK OF ART DEFINED.--FOR PURPOSES OF THIS PARAGRAPH, THE TERM
12 "WORK OF ART" MEANS ANY TANGIBLE PERSONAL PROPERTY WITH RESPECT TO WHICH
13 THERE IS A COPYRIGHT UNDER FEDERAL LAW.

14 (C) QUALIFIED CONTRIBUTION DEFINED.--FOR PURPOSES OF THIS PARAGRAPH,
15 THE TERM "QUALIFIED CONTRIBUTION" MEANS ANY TRANSFER OF PROPERTY TO A
16 QUALIFIED ORGANIZATION IF THE USE OF THE PROPERTY BY THE ORGANIZATION IS
17 RELATED TO THE PURPOSE OR FUNCTION CONSTITUTING THE BASIS FOR ITS
18 EXEMPTION UNDER SECTION 501.

19 (D) QUALIFIED ORGANIZATION DEFINED.--FOR PURPOSES OF THIS PARAGRAPH,
20 THE TERM "QUALIFIED ORGANIZATION" MEANS ANY ORGANIZATION DESCRIBED IN
21 SECTION 501(C)(3) OTHER THAN A PRIVATE FOUNDATION (AS DEFINED IN SECTION
22 509). FOR PURPOSES OF THE PRECEDING SENTENCE, A PRIVATE OPERATING FOUN-
23 DATION (AS DEFINED IN SECTION 4942(J)(3)) SHALL NOT BE TREATED AS A
24 PRIVATE FOUNDATION.

25 (5) CONTRIBUTIONS TO DONOR ADVISED FUNDS.--A DEDUCTION OTHERWISE
26 ALLOWED UNDER SUBSECTION (A) FOR ANY CONTRIBUTION TO A DONOR ADVISED
27 FUND (AS DEFINED IN SECTION 4966(D)(2)) SHALL ONLY BE ALLOWED IF--

28 (A) THE SPONSORING ORGANIZATION (AS DEFINED IN SECTION 4966(D)(1))
29 WITH RESPECT TO SUCH DONOR ADVISED FUND IS NOT--

30 (I) DESCRIBED IN PARAGRAPH (3) OR (4) OF SUBSECTION (A), OR

31 (II) A TYPE III SUPPORTING ORGANIZATION (AS DEFINED IN SECTION
32 4943(F)(5)(A)) WHICH IS NOT A FUNCTIONALLY INTEGRATED TYPE III SUPPORT-
33 ING ORGANIZATION (AS DEFINED IN SECTION 4943(F)(5)(B)), AND

34 (B) THE TAXPAYER OBTAINS A CONTEMPORANEOUS WRITTEN ACKNOWLEDGMENT
35 (DETERMINED UNDER RULES SIMILAR TO THE RULES OF SECTION 170(F)(8)(C))
36 FROM THE SPONSORING ORGANIZATION (AS SO DEFINED) OF SUCH DONOR ADVISED
37 FUND THAT SUCH ORGANIZATION HAS EXCLUSIVE LEGAL CONTROL OVER THE ASSETS
38 CONTRIBUTED.

39 (F) SPECIAL RULE FOR IRREVOCABLE TRANSFERS OF EASEMENTS IN REAL
40 PROPERTY.--A DEDUCTION SHALL BE ALLOWED UNDER SUBSECTION (A) IN RESPECT
41 OF ANY TRANSFER OF A QUALIFIED REAL PROPERTY INTEREST (AS DEFINED IN
42 SECTION 170(H)(2)(C)) WHICH MEETS THE REQUIREMENTS OF SECTION 170(H)
43 (WITHOUT REGARD TO PARAGRAPH (4)(A) THEREOF).

44 (G) CROSS REFERENCES.--

45 (1) FOR OPTION AS TO TIME FOR VALUATION FOR PURPOSE OF DEDUCTION UNDER
46 THIS SECTION, SEE SECTION 2032.

47 (2) FOR TREATMENT OF CERTAIN ORGANIZATIONS PROVIDING CHILD CARE, SEE
48 SECTION 501(K).

49 (3) FOR EXEMPTION OF GIFTS AND BEQUESTS TO OR FOR THE BENEFIT OF
50 LIBRARY OF CONGRESS, SEE SECTION 5 OF THE ACT OF MARCH 3, 1925, AS
51 AMENDED (2 U.S.C. 161).

52 (4) FOR TREATMENT OF GIFTS AND BEQUESTS FOR THE BENEFIT OF THE NAVAL
53 HISTORICAL CENTER AS GIFTS OR BEQUESTS TO OR FOR THE USE OF THE UNITED
54 STATES, SEE SECTION 7222 OF TITLE 10, UNITED STATES CODE.

55 (5) FOR TREATMENT OF GIFTS AND BEQUESTS TO OR FOR THE BENEFIT OF
56 NATIONAL PARK FOUNDATION AS GIFTS OR BEQUESTS TO OR FOR THE USE OF THE

1 UNITED STATES, SEE SECTION 8 OF THE ACT OF DECEMBER 18, 1967 (16 U.S.C.
2 191).

3 (6) FOR TREATMENT OF GIFTS, DEVISES, OR BEQUESTS ACCEPTED BY THE
4 SECRETARY OF STATE, THE DIRECTOR OF THE INTERNATIONAL COMMUNICATION
5 AGENCY, OR THE DIRECTOR OF THE UNITED STATES INTERNATIONAL DEVELOPMENT
6 COOPERATION AGENCY AS GIFTS, DEVISES, OR BEQUESTS TO OR FOR THE USE OF
7 THE UNITED STATES, SEE SECTION 25 OF THE STATE DEPARTMENT BASIC AUTHORI-
8 TIES ACT OF 1956.

9 (7) FOR TREATMENT OF GIFTS OR BEQUESTS OF MONEY ACCEPTED BY THE ATTOR-
10 NEY GENERAL FOR CREDIT TO "COMMISSARY FUNDS, FEDERAL PRISONS" AS GIFTS
11 OR BEQUESTS TO OR FOR THE USE OF THE UNITED STATES, SEE SECTION 4043 OF
12 TITLE 18, UNITED STATES CODE.

13 (8) FOR PAYMENT OF TAX ON GIFTS AND BEQUESTS OF UNITED STATES OBLI-
14 GATIONS TO THE UNITED STATES, SEE SECTION 3113(E) OF TITLE 31, UNITED
15 STATES CODE.

16 (9) FOR TREATMENT OF GIFTS AND BEQUESTS FOR BENEFIT OF THE NAVAL ACAD-
17 EMY AS GIFTS OR BEQUESTS TO OR FOR THE USE OF THE UNITED STATES, SEE
18 SECTION 6973 OF TITLE 10, UNITED STATES CODE.

19 (10) FOR TREATMENT OF GIFTS AND BEQUESTS FOR BENEFIT OF THE NAVAL
20 ACADEMY MUSEUM AS GIFTS OR BEQUESTS TO OR FOR THE USE OF THE UNITED
21 STATES, SEE SECTION 6974 OF TITLE 10, UNITED STATES CODE.

22 (11) FOR EXEMPTION OF GIFTS AND BEQUESTS RECEIVED BY NATIONAL ARCHIVES
23 TRUST FUND BOARD, SEE SECTION 2308 OF TITLE 44, UNITED STATES CODE.

24 (12) FOR TREATMENT OF GIFTS AND BEQUESTS TO OR FOR THE USE OF INDIAN
25 TRIBAL GOVERNMENTS (OR THEIR SUBDIVISIONS), SEE SECTION 7871.

26 S 2056. BEQUESTS, ETC., TO SURVIVING SPOUSE. (A) ALLOWANCE OF MARITAL
27 DEDUCTION.--FOR PURPOSES OF THE TAX IMPOSED BY SECTION 2001, THE VALUE
28 OF THE TAXABLE ESTATE SHALL, EXCEPT AS LIMITED BY SUBSECTION (B), BE
29 DETERMINED BY DEDUCTING FROM THE VALUE OF THE GROSS ESTATE AN AMOUNT
30 EQUAL TO THE VALUE OF ANY INTEREST IN PROPERTY WHICH PASSES OR HAS
31 PASSED FROM THE DECEDENT TO HIS SURVIVING SPOUSE, BUT ONLY TO THE EXTENT
32 THAT SUCH INTEREST IS INCLUDED IN DETERMINING THE VALUE OF THE GROSS
33 ESTATE.

34 (B) LIMITATION IN THE CASE OF LIFE ESTATE OR OTHER TERMINABLE INTER-
35 EST.--

36 (1) GENERAL RULE.--WHERE, ON THE LAPSE OF TIME, ON THE OCCURRENCE OF
37 AN EVENT OR CONTINGENCY, OR ON THE FAILURE OF AN EVENT OR CONTINGENCY TO
38 OCCUR, AN INTEREST PASSING TO THE SURVIVING SPOUSE WILL TERMINATE OR
39 FAIL, NO DEDUCTION SHALL BE ALLOWED UNDER THIS SECTION WITH RESPECT TO
40 SUCH INTEREST--

41 (A) IF AN INTEREST IN SUCH PROPERTY PASSES OR HAS PASSED (FOR LESS
42 THAN AN ADEQUATE AND FULL CONSIDERATION IN MONEY OR MONEY'S WORTH) FROM
43 THE DECEDENT TO ANY PERSON OTHER THAN SUCH SURVIVING SPOUSE (OR THE
44 ESTATE OF SUCH SPOUSE); AND

45 (B) IF BY REASON OF SUCH PASSING SUCH PERSON (OR HIS HEIRS OR ASSIGNS)
46 MAY POSSESS OR ENJOY ANY PART OF SUCH PROPERTY AFTER SUCH TERMINATION OR
47 FAILURE OF THE INTEREST SO PASSING TO THE SURVIVING SPOUSE;

48 AND NO DEDUCTION SHALL BE ALLOWED WITH RESPECT TO SUCH INTEREST (EVEN
49 IF SUCH DEDUCTION IS NOT DISALLOWED UNDER SUBPARAGRAPHS (A) AND (B))--

50 (C) IF SUCH INTEREST IS TO BE ACQUIRED FOR THE SURVIVING SPOUSE,
51 PURSUANT TO DIRECTIONS OF THE DECEDENT, BY HIS EXECUTOR OR BY THE TRUS-
52 TEE OF A TRUST.

53 FOR PURPOSES OF THIS PARAGRAPH, AN INTEREST SHALL NOT BE CONSIDERED AS
54 AN INTEREST WHICH WILL TERMINATE OR FAIL MERELY BECAUSE IT IS THE OWNER-
55 SHIP OF A BOND, NOTE, OR SIMILAR CONTRACTUAL OBLIGATION, THE DISCHARGE
56 OF WHICH WOULD NOT HAVE THE EFFECT OF AN ANNUITY FOR LIFE OR FOR A TERM.

(2) INTEREST IN UNIDENTIFIED ASSETS.--WHERE THE ASSETS (INCLUDED IN THE DECEDENT'S GROSS ESTATE) OUT OF WHICH, OR THE PROCEEDS OF WHICH, AN INTEREST PASSING TO THE SURVIVING SPOUSE MAY BE SATISFIED INCLUDE A PARTICULAR ASSET OR ASSETS WITH RESPECT TO WHICH NO DEDUCTION WOULD BE ALLOWED IF SUCH ASSET OR ASSETS PASSED FROM THE DECEDENT TO SUCH SPOUSE, THEN THE VALUE OF SUCH INTEREST PASSING TO SUCH SPOUSE SHALL, FOR PURPOSES OF SUBSECTION (A), BE REDUCED BY THE AGGREGATE VALUE OF SUCH PARTICULAR ASSETS.

(3) INTEREST OF SPOUSE CONDITIONAL ON SURVIVAL FOR LIMITED PERIOD.--FOR PURPOSES OF THIS SUBSECTION, AN INTEREST PASSING TO THE SURVIVING SPOUSE SHALL NOT BE CONSIDERED AS AN INTEREST WHICH WILL TERMINATE OR FAIL ON THE DEATH OF SUCH SPOUSE IF--

(A) SUCH DEATH WILL CAUSE A TERMINATION OR FAILURE OF SUCH INTEREST ONLY IF IT OCCURS WITHIN A PERIOD NOT EXCEEDING 6 MONTHS AFTER THE DECEDENT'S DEATH, OR ONLY IF IT OCCURS AS A RESULT OF A COMMON DISASTER RESULTING IN THE DEATH OF THE DECEDENT AND THE SURVIVING SPOUSE, OR ONLY IF IT OCCURS IN THE CASE OF EITHER SUCH EVENT; AND

(B) SUCH TERMINATION OR FAILURE DOES NOT IN FACT OCCUR.

(4) VALUATION OF INTEREST PASSING TO SURVIVING SPOUSE.--IN DETERMINING FOR PURPOSES OF SUBSECTION (A) THE VALUE OF ANY INTEREST IN PROPERTY PASSING TO THE SURVIVING SPOUSE FOR WHICH A DEDUCTION IS ALLOWED BY THIS SECTION--

(A) THERE SHALL BE TAKEN INTO ACCOUNT THE EFFECT WHICH THE TAX IMPOSED BY SECTION 2001, OR ANY ESTATE, SUCCESSION, LEGACY, OR INHERITANCE TAX, HAS ON THE NET VALUE TO THE SURVIVING SPOUSE OF SUCH INTEREST; AND

(B) WHERE SUCH INTEREST OR PROPERTY IS ENCUMBERED IN ANY MANNER, OR WHERE THE SURVIVING SPOUSE INCURS ANY OBLIGATION IMPOSED BY THE DECEDENT WITH RESPECT TO THE PASSING OF SUCH INTEREST, SUCH ENCUMBRANCE OR OBLIGATION SHALL BE TAKEN INTO ACCOUNT IN THE SAME MANNER AS IF THE AMOUNT OF A GIFT TO SUCH SPOUSE OF SUCH INTEREST WERE BEING DETERMINED.

(5) LIFE ESTATE WITH POWER OF APPOINTMENT IN SURVIVING SPOUSE.--IN THE CASE OF AN INTEREST IN PROPERTY PASSING FROM THE DECEDENT, IF HIS SURVIVING SPOUSE IS ENTITLED FOR LIFE TO ALL THE INCOME FROM THE ENTIRE INTEREST, OR ALL THE INCOME FROM A SPECIFIC PORTION THEREOF, PAYABLE ANNUALLY OR AT MORE FREQUENT INTERVALS, WITH POWER IN THE SURVIVING SPOUSE TO APPOINT THE ENTIRE INTEREST, OR SUCH SPECIFIC PORTION (EXERCISABLE IN FAVOR OF SUCH SURVIVING SPOUSE, OR OF THE ESTATE OF SUCH SURVIVING SPOUSE, OR IN FAVOR OF EITHER, WHETHER OR NOT IN EACH CASE THE POWER IS EXERCISABLE IN FAVOR OF OTHERS), AND WITH NO POWER IN ANY OTHER PERSON TO APPOINT ANY PART OF THE INTEREST, OR SUCH SPECIFIC PORTION, TO ANY PERSON OTHER THAN THE SURVIVING SPOUSE--

(A) THE INTEREST OR SUCH PORTION THEREOF SO PASSING SHALL, FOR PURPOSES OF SUBSECTION (A), BE CONSIDERED AS PASSING TO THE SURVIVING SPOUSE, AND

(B) NO PART OF THE INTEREST SO PASSING SHALL, FOR PURPOSES OF PARAGRAPH (1)(A), BE CONSIDERED AS PASSING TO ANY PERSON OTHER THAN THE SURVIVING SPOUSE.

THIS PARAGRAPH SHALL APPLY ONLY IF SUCH POWER IN THE SURVIVING SPOUSE TO APPOINT THE ENTIRE INTEREST, OR SUCH SPECIFIC PORTION THEREOF, WHETHER EXERCISABLE BY WILL OR DURING LIFE, IS EXERCISABLE BY SUCH SPOUSE ALONE AND IN ALL EVENTS.

(6) LIFE INSURANCE OR ANNUITY PAYMENTS WITH POWER OF APPOINTMENT IN SURVIVING SPOUSE.--IN THE CASE OF AN INTEREST IN PROPERTY PASSING FROM THE DECEDENT CONSISTING OF PROCEEDS UNDER A LIFE INSURANCE, ENDOWMENT, OR ANNUITY CONTRACT, IF UNDER THE TERMS OF THE CONTRACT SUCH PROCEEDS ARE PAYABLE IN INSTALLMENTS OR ARE HELD BY THE INSURER SUBJECT TO AN

1 AGREEMENT TO PAY INTEREST THEREON (WHETHER THE PROCEEDS, ON THE TERMI-
2 NATION OF ANY INTEREST PAYMENTS, ARE PAYABLE IN A LUMP SUM OR IN ANNUAL
3 OR MORE FREQUENT INSTALLMENTS), AND SUCH INSTALLMENT OR INTEREST
4 PAYMENTS ARE PAYABLE ANNUALLY OR AT MORE FREQUENT INTERVALS, COMMENCING
5 NOT LATER THAN 13 MONTHS AFTER THE DECEDENT'S DEATH, AND ALL AMOUNTS, OR
6 A SPECIFIC PORTION OF ALL SUCH AMOUNTS, PAYABLE DURING THE LIFE OF THE
7 SURVIVING SPOUSE ARE PAYABLE ONLY TO SUCH SPOUSE, AND SUCH SPOUSE HAS
8 THE POWER TO APPOINT ALL AMOUNTS, OR SUCH SPECIFIC PORTION, PAYABLE
9 UNDER SUCH CONTRACT (EXERCISABLE IN FAVOR OF SUCH SURVIVING SPOUSE, OR
10 OF THE ESTATE OF SUCH SURVIVING SPOUSE, OR IN FAVOR OF EITHER, WHETHER
11 OR NOT IN EACH CASE THE POWER IS EXERCISABLE IN FAVOR OF OTHERS), WITH
12 NO POWER IN ANY OTHER PERSON TO APPOINT SUCH AMOUNTS TO ANY PERSON OTHER
13 THAN THE SURVIVING SPOUSE--

14 (A) SUCH AMOUNTS SHALL, FOR PURPOSES OF SUBSECTION (A), BE CONSIDERED
15 AS PASSING TO THE SURVIVING SPOUSE, AND

16 (B) NO PART OF SUCH AMOUNTS SHALL, FOR PURPOSES OF PARAGRAPH (1)(A),
17 BE CONSIDERED AS PASSING TO ANY PERSON OTHER THAN THE SURVIVING SPOUSE.

18 THIS PARAGRAPH SHALL APPLY ONLY IF, UNDER THE TERMS OF THE CONTRACT,
19 SUCH POWER IN THE SURVIVING SPOUSE TO APPOINT SUCH AMOUNTS, WHETHER
20 EXERCISABLE BY WILL OR DURING LIFE, IS EXERCISABLE BY SUCH SPOUSE ALONE
21 AND IN ALL EVENTS.

22 (7) ELECTION WITH RESPECT TO LIFE ESTATE FOR SURVIVING SPOUSE.--

23 (A) IN GENERAL.--IN THE CASE OF QUALIFIED TERMINABLE INTEREST PROPER-
24 TY--

25 (I) FOR PURPOSES OF SUBSECTION (A), SUCH PROPERTY SHALL BE TREATED AS
26 PASSING TO THE SURVIVING SPOUSE, AND

27 (II) FOR PURPOSES OF PARAGRAPH (1)(A), NO PART OF SUCH PROPERTY SHALL
28 BE TREATED AS PASSING TO ANY PERSON OTHER THAN THE SURVIVING SPOUSE.

29 (B) QUALIFIED TERMINABLE INTEREST PROPERTY DEFINED.--FOR PURPOSES OF
30 THIS PARAGRAPH--

31 (I) IN GENERAL.--THE TERM "QUALIFIED TERMINABLE INTEREST PROPERTY"
32 MEANS PROPERTY--

33 (I) WHICH PASSES FROM THE DECEDENT,

34 (II) IN WHICH THE SURVIVING SPOUSE HAS A QUALIFYING INCOME INTEREST
35 FOR LIFE, AND

36 (III) TO WHICH AN ELECTION UNDER THIS PARAGRAPH APPLIES.

37 (II) QUALIFYING INCOME INTEREST FOR LIFE.--THE SURVIVING SPOUSE HAS A
38 QUALIFYING INCOME INTEREST FOR LIFE IF--

39 (I) THE SURVIVING SPOUSE IS ENTITLED TO ALL THE INCOME FROM THE PROP-
40 erty, PAYABLE ANNUALLY OR AT MORE FREQUENT INTERVALS, OR HAS A USUFRUCT
41 INTEREST FOR LIFE IN THE PROPERTY, AND

42 (II) NO PERSON HAS A POWER TO APPOINT ANY PART OF THE PROPERTY TO ANY
43 PERSON OTHER THAN THE SURVIVING SPOUSE.

44 SUBCLAUSE (II) SHALL NOT APPLY TO A POWER EXERCISABLE ONLY AT OR AFTER
45 THE DEATH OF THE SURVIVING SPOUSE. TO THE EXTENT PROVIDED IN REGU-
46 LATIONS, AN ANNUITY SHALL BE TREATED IN A MANNER SIMILAR TO AN INCOME
47 INTEREST IN PROPERTY (REGARDLESS OF WHETHER THE PROPERTY FROM WHICH THE
48 ANNUITY IS PAYABLE CAN BE SEPARATELY IDENTIFIED).

49 (III) PROPERTY INCLUDES INTEREST THEREIN.--THE TERM "PROPERTY"
50 INCLUDES AN INTEREST IN PROPERTY.

51 (IV) SPECIFIC PORTION TREATED AS SEPARATE PROPERTY.--A SPECIFIC
52 PORTION OF PROPERTY SHALL BE TREATED AS SEPARATE PROPERTY.

53 (V) ELECTION.--AN ELECTION UNDER THIS PARAGRAPH WITH RESPECT TO ANY
54 PROPERTY SHALL BE MADE BY THE EXECUTOR ON THE RETURN OF TAX IMPOSED BY
55 SECTION 2001. SUCH AN ELECTION, ONCE MADE, SHALL BE IRREVOCABLE.

1 (C) TREATMENT OF SURVIVOR ANNUITIES.--IN THE CASE OF AN ANNUITY
2 INCLUDED IN THE GROSS ESTATE OF THE DECEDENT UNDER SECTION 2039 (OR, IN
3 THE CASE OF AN INTEREST IN AN ANNUITY ARISING UNDER THE COMMUNITY PROP-
4 erty LAWS OF A STATE, INCLUDED IN THE GROSS ESTATE OF THE DECEDENT UNDER
5 SECTION 2033) WHERE ONLY THE SURVIVING SPOUSE HAS THE RIGHT TO RECEIVE
6 PAYMENTS BEFORE THE DEATH OF SUCH SURVIVING SPOUSE--

7 (I) THE INTEREST OF SUCH SURVIVING SPOUSE SHALL BE TREATED AS A QUALI-
8 FYING INCOME INTEREST FOR LIFE, AND

9 (II) THE EXECUTOR SHALL BE TREATED AS HAVING MADE AN ELECTION UNDER
10 THIS SUBSECTION WITH RESPECT TO SUCH ANNUITY UNLESS THE EXECUTOR OTHER-
11 WISE ELECTS ON THE RETURN OF TAX IMPOSED BY SECTION 2001.

12 AN ELECTION UNDER CLAUSE (II), ONCE MADE, SHALL BE IRREVOCABLE.

13 (8) SPECIAL RULE FOR CHARITABLE REMAINDER TRUSTS.--

14 (A) IN GENERAL.--IF THE SURVIVING SPOUSE OF THE DECEDENT IS THE ONLY
15 BENEFICIARY OF A QUALIFIED CHARITABLE REMAINDER TRUST WHO IS NOT A CHAR-
16 ITABLE BENEFICIARY NOR AN ESOP BENEFICIARY, PARAGRAPH (1) SHALL NOT
17 APPLY TO ANY INTEREST IN SUCH TRUST WHICH PASSES OR HAS PASSED FROM THE
18 DECEDENT TO SUCH SURVIVING SPOUSE.

19 (B) DEFINITIONS.--FOR PURPOSES OF SUBPARAGRAPH (A)--

20 (I) CHARITABLE BENEFICIARY.--THE TERM "CHARITABLE BENEFICIARY" MEANS
21 ANY BENEFICIARY WHICH IS AN ORGANIZATION DESCRIBED IN SECTION 170(C).

22 (II) ESOP BENEFICIARY.--THE TERM "ESOP BENEFICIARY" MEANS ANY BENEFI-
23 CIARY WHICH IS AN EMPLOYEE STOCK OWNERSHIP PLAN (AS DEFINED IN SECTION
24 4975(E)(7)) THAT HOLDS A REMAINDER INTEREST IN QUALIFIED EMPLOYER SECU-
25 RITIES (AS DEFINED IN SECTION 664(G)(4)) TO BE TRANSFERRED TO SUCH PLAN
26 IN A QUALIFIED GRATUITOUS TRANSFER (AS DEFINED IN SECTION 664(G)(1)).

27 (III) QUALIFIED CHARITABLE REMAINDER TRUST.--THE TERM "QUALIFIED CHAR-
28 ITABLE REMAINDER TRUST" MEANS A CHARITABLE REMAINDER ANNUITY TRUST OR A
29 CHARITABLE REMAINDER UNITRUST (DESCRIBED IN SECTION 664).

30 (9) DENIAL OF DOUBLE DEDUCTION.--NOTHING IN THIS SECTION OR ANY OTHER
31 PROVISION OF THIS CHAPTER SHALL ALLOW THE VALUE OF ANY INTEREST IN PROP-
32 erty TO BE DEDUCTED UNDER THIS CHAPTER MORE THAN ONCE WITH RESPECT TO
33 THE SAME DECEDENT.

34 (10) SPECIFIC PORTION.--FOR PURPOSES OF PARAGRAPHS (5), (6), AND
35 (7)(B)(IV), THE TERM "SPECIFIC PORTION" ONLY INCLUDES A PORTION DETER-
36 MINED ON A FRACTIONAL OR PERCENTAGE BASIS.

37 (C) DEFINITION.--FOR PURPOSES OF THIS SECTION, AN INTEREST IN PROPERTY
38 SHALL BE CONSIDERED AS PASSING FROM THE DECEDENT TO ANY PERSON IF AND
39 ONLY IF--

40 (1) SUCH INTEREST IS BEQUEATHED OR DEVISED TO SUCH PERSON BY THE DECE-
41 DENT;

42 (2) SUCH INTEREST IS INHERITED BY SUCH PERSON FROM THE DECEDENT;

43 (3) SUCH INTEREST IS THE DOWER OR CURTESY INTEREST (OR STATUTORY
44 INTEREST IN LIEU THEREOF) OF SUCH PERSON AS SURVIVING SPOUSE OF THE
45 DECEDENT;

46 (4) SUCH INTEREST HAS BEEN TRANSFERRED TO SUCH PERSON BY THE DECEDENT
47 AT ANY TIME;

48 (5) SUCH INTEREST WAS, AT THE TIME OF THE DECEDENT'S DEATH, HELD BY
49 SUCH PERSON AND THE DECEDENT (OR BY THEM AND ANY OTHER PERSON) IN JOINT
50 OWNERSHIP WITH RIGHT OF SURVIVORSHIP;

51 (6) THE DECEDENT HAD A POWER (EITHER ALONE OR IN CONJUNCTION WITH ANY
52 PERSON) TO APPOINT SUCH INTEREST AND IF HE APPOINTS OR HAS APPOINTED
53 SUCH INTEREST TO SUCH PERSON, OR IF SUCH PERSON TAKES SUCH INTEREST IN
54 DEFAULT ON THE RELEASE OR NONEXERCISE OF SUCH POWER; OR

55 (7) SUCH INTEREST CONSISTS OF PROCEEDS OF INSURANCE ON THE LIFE OF THE
56 DECEDENT RECEIVABLE BY SUCH PERSON.

1 EXCEPT AS PROVIDED IN PARAGRAPH (5) OR (6) OF SUBSECTION (B), WHERE AT
2 THE TIME OF THE DECEDENT'S DEATH IT IS NOT POSSIBLE TO ASCERTAIN THE
3 PARTICULAR PERSON OR PERSONS TO WHOM AN INTEREST IN PROPERTY MAY PASS
4 FROM THE DECEDENT, SUCH INTEREST SHALL, FOR PURPOSES OF SUBPARAGRAPHS
5 (A) AND (B) OF SUBSECTION (B)(1), BE CONSIDERED AS PASSING FROM THE
6 DECEDENT TO A PERSON OTHER THAN THE SURVIVING SPOUSE.

7 S 2103. DEFINITION OF GROSS ESTATE. FOR THE PURPOSE OF THE TAX IMPOSED
8 BY SECTION 2101, THE VALUE OF THE GROSS ESTATE OF EVERY DECEDENT NONRES-
9 IDENT NOT A CITIZEN OF THE UNITED STATES SHALL BE THAT PART OF HIS GROSS
10 ESTATE (DETERMINED AS PROVIDED IN SECTION 2031) WHICH AT THE TIME OF HIS
11 DEATH IS SITUATED IN THE UNITED STATES.

12 S 2104. PROPERTY WITHIN THE UNITED STATES. (A) STOCK IN CORPORA-
13 TION.--FOR PURPOSES OF THIS SUBCHAPTER SHARES OF STOCK OWNED AND HELD BY
14 A NONRESIDENT NOT A CITIZEN OF THE UNITED STATES SHALL BE DEEMED PROPER-
15 TY WITHIN THE UNITED STATES ONLY IF ISSUED BY A DOMESTIC CORPORATION.

16 (B) REVOCABLE TRANSFERS AND TRANSFERS WITHIN 3 YEARS OF DEATH.--FOR
17 PURPOSES OF THIS SUBCHAPTER, ANY PROPERTY OF WHICH THE DECEDENT HAS MADE
18 A TRANSFER, BY TRUST OR OTHERWISE, WITHIN THE MEANING OF SECTIONS 2035
19 TO 2038, INCLUSIVE, SHALL BE DEEMED TO BE SITUATED IN THE UNITED STATES,
20 IF SO SITUATED EITHER AT THE TIME OF THE TRANSFER OR AT THE TIME OF THE
21 DECEDENT'S DEATH.

22 (C) DEBT OBLIGATIONS.--FOR PURPOSES OF THIS SUBCHAPTER, DEBT OBLI-
23 GATIONS OF-

24 (1) A UNITED STATES PERSON, OR

25 (2) THE UNITED STATES, A STATE OR ANY POLITICAL SUBDIVISION THEREOF,
26 OR THE DISTRICT OF COLUMBIA,

27 OWNED AND HELD BY A NONRESIDENT NOT A CITIZEN OF THE UNITED STATES
28 SHALL BE DEEMED PROPERTY WITHIN THE UNITED STATES. WITH RESPECT TO
29 ESTATES OF DECEDENTS DYING AFTER DECEMBER 31, 1969, DEPOSITS WITH A
30 DOMESTIC BRANCH OF A FOREIGN CORPORATION, IF SUCH BRANCH IS ENGAGED IN
31 THE COMMERCIAL BANKING BUSINESS, SHALL, FOR PURPOSES OF THIS SUBCHAPTER,
32 BE DEEMED PROPERTY WITHIN THE UNITED STATES. THIS SUBSECTION SHALL NOT
33 APPLY TO A DEBT OBLIGATION TO WHICH SECTION 2105(B) APPLIES.

34 S 2105. PROPERTY WITHOUT THE UNITED STATES. (A) PROCEEDS OF LIFE INSU-
35 RANCE.--FOR PURPOSES OF THIS SUBCHAPTER, THE AMOUNT RECEIVABLE AS INSUR-
36 ANCE ON THE LIFE OF A NONRESIDENT NOT A CITIZEN OF THE UNITED STATES
37 SHALL NOT BE DEEMED PROPERTY WITHIN THE UNITED STATES.

38 (B) BANK DEPOSITS AND CERTAIN OTHER DEBT OBLIGATIONS.--FOR PURPOSES OF
39 THIS SUBCHAPTER, THE FOLLOWING SHALL NOT BE DEEMED PROPERTY WITHIN THE
40 UNITED STATES--

41 (1) AMOUNTS DESCRIBED IN SECTION 871(I)(3), IF ANY INTEREST THEREON
42 WOULD NOT BE SUBJECT TO TAX BY REASON OF SECTION 871(I)(1) WERE SUCH
43 INTEREST RECEIVED BY THE DECEDENT AT THE TIME OF HIS DEATH,

44 (2) DEPOSITS WITH A FOREIGN BRANCH OF A DOMESTIC CORPORATION OR DOMES-
45 TIC PARTNERSHIP, IF SUCH BRANCH IS ENGAGED IN THE COMMERCIAL BANKING
46 BUSINESS,

47 (3) DEBT OBLIGATIONS, IF, WITHOUT REGARD TO WHETHER A STATEMENT MEET-
48 ING THE REQUIREMENTS OF SECTION 871(H)(5) HAS BEEN RECEIVED, ANY INTER-
49 EST THEREON WOULD BE ELIGIBLE FOR THE EXEMPTION FROM TAX UNDER SECTION
50 871(H)(1) WERE SUCH INTEREST RECEIVED BY THE DECEDENT AT THE TIME OF HIS
51 DEATH, AND

52 (4) OBLIGATIONS WHICH WOULD BE ORIGINAL ISSUE DISCOUNT OBLIGATIONS AS
53 DEFINED IN SECTION 871(G)(1) BUT FOR SUBPARAGRAPH (B)(I) THEREOF, IF ANY
54 INTEREST THEREON (WERE SUCH INTEREST RECEIVED BY THE DECEDENT AT THE
55 TIME OF HIS DEATH) WOULD NOT BE EFFECTIVELY CONNECTED WITH THE CONDUCT
56 OF A TRADE OR BUSINESS WITHIN THE UNITED STATES.

1 NOTWITHSTANDING THE PRECEDING SENTENCE, IF ANY PORTION OF THE INTEREST
2 ON AN OBLIGATION REFERRED TO IN PARAGRAPH (3) WOULD NOT BE ELIGIBLE FOR
3 THE EXEMPTION REFERRED TO IN PARAGRAPH (3) BY REASON OF SECTION
4 871(H)(4) IF THE INTEREST WERE RECEIVED BY THE DECEDENT AT THE TIME OF
5 HIS DEATH, THEN AN APPROPRIATE PORTION (AS DETERMINED IN A MANNER
6 PRESCRIBED BY THE SECRETARY) OF THE VALUE (AS DETERMINED FOR PURPOSES OF
7 THIS CHAPTER) OF SUCH DEBT OBLIGATION SHALL BE DEEMED PROPERTY WITHIN
8 THE UNITED STATES.

9 (C) WORKS OF ART ON LOAN FOR EXHIBITION.--FOR PURPOSES OF THIS
10 SUBCHAPTER, WORKS OF ART OWNED BY A NONRESIDENT NOT A CITIZEN OF THE
11 UNITED STATES SHALL NOT BE DEEMED PROPERTY WITHIN THE UNITED STATES IF
12 SUCH WORKS OF ART ARE--

13 (1) IMPORTED INTO THE UNITED STATES SOLELY FOR EXHIBITION PURPOSES,

14 (2) LOANED FOR SUCH PURPOSES, TO A PUBLIC GALLERY OR MUSEUM, NO PART
15 OF THE NET EARNINGS OF WHICH INURES TO THE BENEFIT OF ANY PRIVATE STOCK-
16 HOLDER OR INDIVIDUAL, AND

17 (3) AT THE TIME OF THE DEATH OF THE OWNER, ON EXHIBITION, OR ENROUTE
18 TO OR FROM EXHIBITION, IN SUCH A PUBLIC GALLERY OR MUSEUM.

19 S 2503. (A) GENERAL DEFINITION - THE TERM "TAXABLE GIFTS" MEANS THE
20 TOTAL AMOUNT OF GIFTS MADE DURING THE CALENDAR YEAR, LESS DEDUCTIONS
21 PROVIDED IN SUBCHAPTER C (SECTION 2522 AND FOLLOWING).

22 (B) EXCLUSIONS FROM GIFTS. (1) IN GENERAL.--IN THE CASE OF GIFTS
23 (OTHER THAN GIFTS OF FUTURE INTERESTS IN PROPERTY) MADE TO ANY PERSON BY
24 THE DONOR DURING THE CALENDAR YEAR, THE FIRST \$10,000 OF SUCH GIFTS TO
25 SUCH PERSON SHALL NOT, FOR PURPOSES OF SUBSECTION (A), BE INCLUDED IN
26 THE TOTAL AMOUNT OF GIFTS MADE DURING SUCH YEAR. WHERE THERE HAS BEEN A
27 TRANSFER TO ANY PERSON OF A PRESENT INTEREST IN PROPERTY, THE POSSIBIL-
28 ITY THAT SUCH INTEREST MAY BE DIMINISHED BY THE EXERCISE OF A POWER
29 SHALL BE DISREGARDED IN APPLYING THIS SUBSECTION, IF NO PART OF SUCH
30 INTEREST WILL AT ANY TIME PASS TO ANY OTHER PERSON.

31 (2) INFLATION ADJUSTMENT.--IN THE CASE OF GIFTS MADE IN A CALENDAR
32 YEAR AFTER 1998, THE \$10,000 AMOUNT CONTAINED IN PARAGRAPH (1) SHALL BE
33 INCREASED BY AN AMOUNT EQUAL TO--

34 (A) \$10,000, MULTIPLIED BY

35 (B) THE COST-OF-LIVING ADJUSTMENT DETERMINED UNDER SECTION 1(F)(3) FOR
36 SUCH CALENDAR YEAR BY SUBSTITUTING "CALENDAR YEAR 1997" FOR "CALENDAR
37 YEAR 1992" IN SUBPARAGRAPH (B) THEREOF.

38 IF ANY AMOUNT AS ADJUSTED UNDER THE PRECEDING SENTENCE IS NOT A MULTI-
39 PLE OF \$1,000, SUCH AMOUNT SHALL BE ROUNDED TO THE NEXT LOWEST MULTIPLE
40 OF \$1,000.

41 (C) TRANSFER FOR THE BENEFIT OF MINOR. -- NO PART OF A GIFT TO AN
42 INDIVIDUAL WHO HAS NOT ATTAINED THE AGE OF 21 YEARS ON THE DATE OF SUCH
43 TRANSFER SHALL BE CONSIDERED A GIFT OF A FUTURE INTEREST IN PROPERTY FOR
44 PURPOSES OF SUBSECTION (B) IF THE PROPERTY AND THE INCOME THEREFROM--

45 (1) MAY BE EXPENDED BY, OR FOR THE BENEFIT OF, THE DONEE BEFORE HIS
46 ATTAINING THE AGE OF 21 YEARS, AND

47 (2) WILL TO THE EXTENT NOT SO EXPENDED--

48 (A) PASS TO THE DONEE ON HIS ATTAINING THE AGE OF 21 YEARS, AND

49 (B) IN THE EVENT THE DONEE DIES BEFORE ATTAINING THE AGE OF 21 YEARS,
50 BE PAYABLE TO THE ESTATE OF THE DONEE OR AS HE MAY APPOINT UNDER A
51 GENERAL POWER OF APPOINTMENT AS DEFINED IN SECTION 2514(C).

52 {(D) REPEALED. PUB. L. 97-34, TITLE III, S 311(H)(5), AUG. 13, 1981,
53 95 STAT. 282}

54 (E) EXCLUSION FOR CERTAIN TRANSFERS FOR EDUCATIONAL EXPENSES OR
55 MEDICAL EXPENSES. (1) IN GENERAL. ANY QUALIFIED TRANSFER SHALL NOT BE
56 TREATED AS A TRANSFER OF PROPERTY BY GIFT FOR PURPOSES OF THIS CHAPTER.

(2) QUALIFIED TRANSFER. FOR PURPOSES OF THIS SUBSECTION, THE TERM "QUALIFIED TRANSFER" MEANS ANY AMOUNT PAID ON BEHALF OF AN INDIVIDUAL-

(A) AS TUITION TO AN EDUCATIONAL ORGANIZATION DESCRIBED IN SECTION 170(B)(1)(A)(II) FOR THE EDUCATION OR TRAINING OF SUCH INDIVIDUAL, OR

(B) TO ANY PERSON WHO PROVIDES MEDICAL CARE (AS DEFINED IN SECTION 213(D)) WITH RESPECT TO SUCH INDIVIDUAL AS PAYMENT FOR SUCH MEDICAL CARE.

(F) WAIVER OF CERTAIN PENSION RIGHTS. IF ANY INDIVIDUAL WAIVES, BEFORE THE DEATH OF A PARTICIPANT, ANY SURVIVOR BENEFIT, OR RIGHT TO SUCH BENEFIT, UNDER SECTION 401(A)(11) OR 417, SUCH WAIVER SHALL NOT BE TREATED AS A TRANSFER OF PROPERTY BY GIFT FOR PURPOSES OF THIS CHAPTER.

(G) TREATMENT OF CERTAIN LOANS OF ARTWORKS. (1) IN GENERAL. FOR PURPOSES OF THIS SUBTITLE, ANY LOAN OF A QUALIFIED WORK OF ART SHALL NOT BE TREATED AS A TRANSFER (AND THE VALUE OF SUCH QUALIFIED WORK OF ART SHALL BE DETERMINED AS IF SUCH LOAN HAD NOT BEEN MADE) IF-

(A) SUCH LOAN IS TO AN ORGANIZATION DESCRIBED IN SECTION 501(C)(3) AND EXEMPT FROM TAX UNDER SECTION 501(C) (OTHER THAN A PRIVATE FOUNDATION), AND

(B) THE USE OF SUCH WORK BY SUCH ORGANIZATION IS RELATED TO THE PURPOSE OR FUNCTION CONSTITUTING THE BASIS FOR ITS EXEMPTION UNDER SECTION 501.

(2) DEFINITIONS. FOR PURPOSES OF THIS SECTION-

(A) QUALIFIED WORK OF ART. THE TERM "QUALIFIED WORK OF ART" MEANS ANY ARCHAEOLOGICAL, HISTORIC, OR CREATIVE TANGIBLE PERSONAL PROPERTY.

(B) PRIVATE FOUNDATION. THE TERM "PRIVATE FOUNDATION" HAS THE MEANING GIVEN SUCH TERM BY SECTION 509, EXCEPT THAT SUCH TERM SHALL NOT INCLUDE ANY PRIVATE OPERATING FOUNDATION (AS DEFINED IN SECTION 4942(J)(3)).

S 2511. TRANSFERS IN GENERAL. (A) SCOPE. SUBJECT TO THE LIMITATIONS CONTAINED IN THIS CHAPTER, THE TAX IMPOSED BY SECTION 2501 SHALL APPLY WHETHER THE TRANSFER IS IN TRUST OR OTHERWISE, WHETHER THE GIFT IS DIRECT OR INDIRECT, AND WHETHER THE PROPERTY IS REAL OR PERSONAL, TANGIBLE OR INTANGIBLE; BUT IN THE CASE OF A NONRESIDENT NOT A CITIZEN OF THE UNITED STATES, SHALL APPLY TO A TRANSFER ONLY IF THE PROPERTY IS SITUATED WITHIN THE UNITED STATES.

(B) INTANGIBLE PROPERTY. FOR PURPOSES OF THIS CHAPTER, IN THE CASE OF A NONRESIDENT NOT A CITIZEN OF THE UNITED STATES WHO IS EXCEPTED FROM THE APPLICATION OF SECTION 2501(A)(2)-

(1) SHARES OF STOCK ISSUED BY A DOMESTIC CORPORATION, AND

(2) DEBT OBLIGATIONS OF-

--(A) A UNITED STATES PERSON, OR

--(B) THE UNITED STATES, A STATE OR ANY POLITICAL SUBDIVISION THEREOF, OR THE DISTRICT OF COLUMBIA,

--WHICH ARE OWNED AND HELD BY SUCH NONRESIDENT SHALL BE DEEMED TO BE PROPERTY SITUATED WITHIN THE UNITED STATES.

S 2512. VALUATION OF GIFTS. (A) IF THE GIFT IS MADE IN PROPERTY, THE VALUE THEREOF AT THE DATE OF THE GIFT SHALL BE CONSIDERED THE AMOUNT OF THE GIFT.

(B) WHERE PROPERTY IS TRANSFERRED FOR LESS THAN AN ADEQUATE AND FULL CONSIDERATION IN MONEY OR MONEY'S WORTH, THEN THE AMOUNT BY WHICH THE VALUE OF THE PROPERTY EXCEEDED THE VALUE OF THE CONSIDERATION SHALL BE DEEMED A GIFT, AND SHALL BE INCLUDED IN COMPUTING THE AMOUNT OF GIFTS MADE DURING THE CALENDAR YEAR.

S 2513. GIFT BY HUSBAND OR WIFE TO THIRD PARTY. (A) CONSIDERED AS MADE ONE-HALF BY EACH. (1) IN GENERAL. A GIFT MADE BY ONE SPOUSE TO ANY PERSON OTHER THAN HIS SPOUSE SHALL, FOR THE PURPOSES OF THIS CHAPTER, BE CONSIDERED AS MADE ONE-HALF BY HIM AND ONE-HALF BY HIS SPOUSE, BUT ONLY

1 IF AT THE TIME OF THE GIFT EACH SPOUSE IS A CITIZEN OR RESIDENT OF THE
2 UNITED STATES. THIS PARAGRAPH SHALL NOT APPLY WITH RESPECT TO A GIFT BY
3 A SPOUSE OF AN INTEREST IN PROPERTY IF HE CREATES IN HIS SPOUSE A GENER-
4 AL POWER OF APPOINTMENT, AS DEFINED IN SECTION 2514(C), OVER SUCH INTER-
5 EST. FOR PURPOSES OF THIS SECTION, AN INDIVIDUAL SHALL BE CONSIDERED AS
6 THE SPOUSE OF ANOTHER INDIVIDUAL ONLY IF HE IS MARRIED TO SUCH INDIVID-
7 UAL AT THE TIME OF THE GIFT AND DOES NOT REMARRY DURING THE REMAINDER OF
8 THE CALENDAR YEAR.

9 (2) CONSENT OF BOTH SPOUSES. PARAGRAPH (1) SHALL APPLY ONLY IF BOTH
10 SPOUSES HAVE SIGNIFIED (UNDER THE REGULATIONS PROVIDED FOR IN SUBSECTION
11 (B)) THEIR CONSENT TO THE APPLICATION OF PARAGRAPH (1) IN THE CASE OF
12 ALL SUCH GIFTS MADE DURING THE CALENDAR YEAR BY EITHER WHILE MARRIED TO
13 THE OTHER.

14 (B) MANNER AND TIME OF SIGNIFYING CONSENT. (1) MANNER. A CONSENT UNDER
15 THIS SECTION SHALL BE SIGNIFIED IN SUCH MANNER AS IS PROVIDED UNDER
16 REGULATIONS PRESCRIBED BY THE SECRETARY.

17 (2) TIME. SUCH CONSENT MAY BE SO SIGNIFIED AT ANY TIME AFTER THE CLOSE
18 OF THE CALENDAR YEAR IN WHICH THE GIFT WAS MADE, SUBJECT TO THE FOLLOW-
19 ING LIMITATIONS-

20 --(A) THE CONSENT MAY NOT BE SIGNIFIED AFTER THE 15TH DAY OF APRIL
21 FOLLOWING THE CLOSE OF SUCH YEAR, UNLESS BEFORE SUCH 15TH DAY NO RETURN
22 HAS BEEN FILED FOR SUCH YEAR BY EITHER SPOUSE, IN WHICH CASE THE CONSENT
23 MAY NOT BE SIGNIFIED AFTER A RETURN FOR SUCH YEAR IS FILED BY EITHER
24 SPOUSE.

25 --(B) THE CONSENT MAY NOT BE SIGNIFIED AFTER A NOTICE OF DEFICIENCY WITH
26 RESPECT TO THE TAX FOR SUCH YEAR HAS BEEN SENT TO EITHER SPOUSE IN
27 ACCORDANCE WITH SECTION 6212(A).

28 (C) REVOCATION OF CONSENT. REVOCATION OF A CONSENT PREVIOUSLY SIGNI-
29 FIED SHALL BE MADE IN SUCH MANNER AS IN PROVIDED UNDER REGULATIONS
30 PRESCRIBED BY THE SECRETARY, BUT THE RIGHT TO REVOKE A CONSENT PREVIOUS-
31 LY SIGNIFIED WITH RESPECT TO A CALENDAR YEAR-

32 (1) SHALL NOT EXIST AFTER THE 15TH DAY OF APRIL FOLLOWING THE CLOSE OF
33 SUCH YEAR IF THE CONSENT WAS SIGNIFIED ON OR BEFORE SUCH 15TH DAY; AND

34 (2) SHALL NOT EXIST IF THE CONSENT WAS NOT SIGNIFIED UNTIL AFTER SUCH
35 15TH DAY.

36 (D) JOINT AND SEVERAL LIABILITY FOR TAX. IF THE CONSENT REQUIRED BY
37 SUBSECTION (A)(2) IS SIGNIFIED WITH RESPECT TO A GIFT MADE IN ANY CALEN-
38 DAR YEAR, THE LIABILITY WITH RESPECT TO THE ENTIRE TAX IMPOSED BY THIS
39 CHAPTER OF EACH SPOUSE FOR SUCH YEAR SHALL BE JOINT AND SEVERAL.

40 S 2514. POWERS OF APPOINTMENT. (A) POWERS CREATED ON OR BEFORE OCTOBER
41 21, 1942. AN EXERCISE OF A GENERAL POWER OF APPOINTMENT CREATED ON OR
42 BEFORE OCTOBER 21, 1942, SHALL BE DEEMED A TRANSFER OF PROPERTY BY THE
43 INDIVIDUAL POSSESSING SUCH POWER; BUT THE FAILURE TO EXERCISE SUCH A
44 POWER OR THE COMPLETE RELEASE OF SUCH A POWER SHALL NOT BE DEEMED AN
45 EXERCISE THEREOF. IF A GENERAL POWER OF APPOINTMENT CREATED ON OR BEFORE
46 OCTOBER 21, 1942, HAS BEEN PARTIALLY RELEASED SO THAT IT IS NO LONGER A
47 GENERAL POWER OF APPOINTMENT, THE SUBSEQUENT EXERCISE OF SUCH POWER
48 SHALL NOT BE DEEMED TO BE THE EXERCISE OF A GENERAL POWER OF APPOINTMENT
49 IF-

50 (1) SUCH PARTIAL RELEASE OCCURRED BEFORE NOVEMBER 1, 1951, OR

51 (2) THE DONEE OF SUCH POWER WAS UNDER A LEGAL DISABILITY TO RELEASE
52 SUCH POWER ON OCTOBER 21, 1942, AND SUCH PARTIAL RELEASE OCCURRED NOT
53 LATER THAN SIX MONTHS AFTER THE TERMINATION OF SUCH LEGAL DISABILITY.

54 (B) POWERS CREATED AFTER OCTOBER 21, 1942. THE EXERCISE OR RELEASE OF
55 A GENERAL POWER OF APPOINTMENT CREATED AFTER OCTOBER 21, 1942, SHALL BE
56 DEEMED A TRANSFER OF PROPERTY BY THE INDIVIDUAL POSSESSING SUCH POWER.

(C) DEFINITION OF GENERAL POWER OF APPOINTMENT. FOR PURPOSES OF THIS SECTION, THE TERM "GENERAL POWER OF APPOINTMENT" MEANS A POWER WHICH IS EXERCISABLE IN FAVOR OF THE INDIVIDUAL POSSESSING THE POWER (HEREAFTER IN THIS SUBSECTION REFERRED TO AS THE "POSSESSOR"), HIS ESTATE, HIS CREDITORS, OR THE CREDITORS OF HIS ESTATE; EXCEPT THAT-

(1) A POWER TO CONSUME, INVADE, OR APPROPRIATE PROPERTY FOR THE BENEFIT OF THE POSSESSOR WHICH IS LIMITED BY AN ASCERTAINABLE STANDARD RELATING TO THE HEALTH, EDUCATION, SUPPORT, OR MAINTENANCE OF THE POSSESSOR SHALL NOT BE DEEMED A GENERAL POWER OF APPOINTMENT.

(2) A POWER OF APPOINTMENT CREATED ON OR BEFORE OCTOBER 21, 1942, WHICH IS EXERCISABLE BY THE POSSESSOR ONLY IN CONJUNCTION WITH ANOTHER PERSON SHALL NOT BE DEEMED A GENERAL POWER OF APPOINTMENT.

(3) IN THE CASE OF A POWER OF APPOINTMENT CREATED AFTER OCTOBER 21, 1942, WHICH IS EXERCISABLE BY THE POSSESSOR ONLY IN CONJUNCTION WITH ANOTHER PERSON-

--(A) IF THE POWER IS NOT EXERCISABLE BY THE POSSESSOR EXCEPT IN CONJUNCTION WITH THE CREATOR OF THE POWER-SUCH POWER SHALL NOT BE DEEMED A GENERAL POWER OF APPOINTMENT;

--(B) IF THE POWER IS NOT EXERCISABLE BY THE POSSESSOR EXCEPT IN CONJUNCTION WITH A PERSON HAVING A SUBSTANTIAL INTEREST, IN THE PROPERTY SUBJECT TO THE POWER, WHICH IS ADVERSE TO EXERCISE OF THE POWER IN FAVOR OF THE POSSESSOR-SUCH POWER SHALL NOT BE DEEMED A GENERAL POWER OF APPOINTMENT. FOR THE PURPOSES OF THIS SUBPARAGRAPH A PERSON WHO, AFTER THE DEATH OF THE POSSESSOR, MAY BE POSSESSED OF A POWER OF APPOINTMENT (WITH RESPECT TO THE PROPERTY SUBJECT TO THE POSSESSOR'S POWER) WHICH HE MAY EXERCISE IN HIS OWN FAVOR SHALL BE DEEMED AS HAVING AN INTEREST IN THE PROPERTY AND SUCH INTEREST SHALL BE DEEMED ADVERSE TO SUCH EXERCISE OF THE POSSESSOR'S POWER;

--(C) IF (AFTER THE APPLICATION OF SUBPARAGRAPHS (A) AND (B)) THE POWER IS A GENERAL POWER OF APPOINTMENT AND IS EXERCISABLE IN FAVOR OF SUCH OTHER PERSON-SUCH POWER SHALL BE DEEMED A GENERAL POWER OF APPOINTMENT ONLY IN RESPECT OF A FRACTIONAL PART OF THE PROPERTY SUBJECT TO SUCH POWER, SUCH PART TO BE DETERMINED BY DIVIDING THE VALUE OF SUCH PROPERTY BY THE NUMBER OF SUCH PERSONS (INCLUDING THE POSSESSOR) IN FAVOR OF WHOM SUCH POWER IS EXERCISABLE.

--FOR PURPOSES OF SUBPARAGRAPHS (B) AND (C), A POWER SHALL BE DEEMED TO BE EXERCISABLE IN FAVOR OF A PERSON IF IT IS EXERCISABLE IN FAVOR OF SUCH PERSON, HIS ESTATE, HIS CREDITORS, OR THE CREDITORS OF HIS ESTATE.

(D) CREATION OF ANOTHER POWER IN CERTAIN CASES. IF A POWER OF APPOINTMENT CREATED AFTER OCTOBER 21, 1942, IS EXERCISED BY CREATING ANOTHER POWER OF APPOINTMENT WHICH, UNDER THE APPLICABLE LOCAL LAW, CAN BE VALIDLY EXERCISED SO AS TO POSTPONE THE VESTING OF ANY ESTATE OR INTEREST IN THE PROPERTY WHICH WAS SUBJECT TO THE FIRST POWER, OR SUSPEND THE ABSOLUTE OWNERSHIP OR POWER OF ALIENATION OF SUCH PROPERTY, FOR A PERIOD ASCERTAINABLE WITHOUT REGARD TO THE DATE OF THE CREATION OF THE FIRST POWER, SUCH EXERCISE OF THE FIRST POWER SHALL, TO THE EXTENT OF THE PROPERTY SUBJECT TO THE SECOND POWER, BE DEEMED A TRANSFER OF PROPERTY BY THE INDIVIDUAL POSSESSING SUCH POWER.

(E) LAPSE OF POWER. THE LAPSE OF A POWER OF APPOINTMENT CREATED AFTER OCTOBER 21, 1942, DURING THE LIFE OF THE INDIVIDUAL POSSESSING THE POWER SHALL BE CONSIDERED A RELEASE OF SUCH POWER. THE RULE OF THE PRECEDING SENTENCE SHALL APPLY WITH RESPECT TO THE LAPSE OF POWERS DURING ANY CALENDAR YEAR ONLY TO THE EXTENT THAT THE PROPERTY WHICH COULD HAVE BEEN APPOINTED BY EXERCISE OF SUCH LAPSED POWERS EXCEEDS IN VALUE THE GREATER OF THE FOLLOWING AMOUNTS:

(1) \$5,000, OR

1 (2) 5 PERCENT OF THE AGGREGATE VALUE OF THE ASSETS OUT OF WHICH, OR
2 THE PROCEEDS OF WHICH, THE EXERCISE OF THE LAPSED POWERS COULD BE SATIS-
3 FIED.

4 (F) DATE OF CREATION OF POWER. FOR PURPOSES OF THIS SECTION A POWER OF
5 APPOINTMENT CREATED BY A WILL EXECUTED ON OR BEFORE OCTOBER 21, 1942,
6 SHALL BE CONSIDERED A POWER CREATED ON OR BEFORE SUCH DATE IF THE PERSON
7 EXECUTING SUCH WILL DIES BEFORE JULY 1, 1949, WITHOUT HAVING REPUBLISHED
8 SUCH WILL, BY CODICIL OR OTHERWISE, AFTER OCTOBER 21, 1942.

9 S 2516. CERTAIN PROPERTY SETTLEMENTS. WHERE A HUSBAND AND WIFE ENTER
10 INTO A WRITTEN AGREEMENT RELATIVE TO THEIR MARITAL AND PROPERTY RIGHTS
11 AND DIVORCE OCCURS WITHIN THE 3-YEAR PERIOD BEGINNING ON THE DATE 1 YEAR
12 BEFORE SUCH AGREEMENT IS ENTERED INTO (WHETHER OR NOT SUCH AGREEMENT IS
13 APPROVED BY THE DIVORCE DECREE), ANY TRANSFERS OF PROPERTY OR INTERESTS
14 IN PROPERTY MADE PURSUANT TO SUCH AGREEMENT-

15 (1) TO EITHER SPOUSE IN SETTLEMENT OF HIS OR HER MARITAL OR PROPERTY
16 RIGHTS, OR

17 (2) TO PROVIDE A REASONABLE ALLOWANCE FOR THE SUPPORT OF ISSUE OF THE
18 MARRIAGE DURING MINORITY,

19 --SHALL BE DEEMED TO BE TRANSFERS MADE FOR A FULL AND ADEQUATE CONSID-
20 ERATION IN MONEY OR MONEY'S WORTH.

21 S 2518. DISCLAIMERS. (A) GENERAL RULE. - FOR PURPOSES OF THIS SUBTI-
22 TLE, IF A PERSON MAKES A QUALIFIED DISCLAIMER WITH RESPECT TO ANY INTER-
23 EST IN PROPERTY, THIS SUBTITLE SHALL APPLY WITH RESPECT TO SUCH INTEREST
24 AS IF THE INTEREST HAD NEVER BEEN TRANSFERRED TO SUCH PERSON.

25 (B) QUALIFIED DISCLAIMER DEFINED. - FOR PURPOSES OF SUBSECTION (A),
26 THE TERM "QUALIFIED DISCLAIMER" MEANS AN IRREVOCABLE AND UNQUALIFIED
27 REFUSAL BY A PERSON TO ACCEPT AN INTEREST IN PROPERTY BUT ONLY IF -

28 (1) SUCH REFUSAL IS IN WRITING,

29 (2) SUCH WRITING IS RECEIVED BY THE TRANSFEROR OF THE INTEREST, HIS
30 LEGAL REPRESENTATIVE, OR THE HOLDER OF THE LEGAL TITLE TO THE PROPERTY
31 TO WHICH THE INTEREST RELATES NOT LATER THAN THE DATE WHICH IS 9 MONTHS
32 AFTER THE LATER OF -

33 (A) THE DATE ON WHICH THE TRANSFER CREATING THE INTEREST IN SUCH
34 PERSON IS MADE, OR

35 (B) THE DAY ON WHICH SUCH PERSON ATTAINS AGE 21,

36 (3) SUCH PERSON HAS NOT ACCEPTED THE INTEREST OR ANY OF ITS BENEFITS,
37 AND

38 (4) AS A RESULT OF SUCH REFUSAL, THE INTEREST PASSES WITHOUT ANY
39 DIRECTION ON THE PART OF THE PERSON MAKING THE DISCLAIMER AND PASSES
40 EITHER -

41 (A) TO THE SPOUSE OF THE DECEDENT, OR

42 (B) TO A PERSON OTHER THAN THE PERSON MAKING THE DISCLAIMER.

43 (C) OTHER RULES. FOR PURPOSES OF SUBSECTION (A)-

44 (1) DISCLAIMER OF UNDIVIDED PORTION OF INTEREST. A DISCLAIMER WITH
45 RESPECT TO AN UNDIVIDED PORTION OF AN INTEREST WHICH MEETS THE REQUIRE-
46 MENTS OF THE PRECEDING SENTENCE SHALL BE TREATED AS A QUALIFIED
47 DISCLAIMER OF SUCH PORTION OF THE INTEREST.

48 (2) POWERS. A POWER WITH RESPECT TO PROPERTY SHALL BE TREATED AS AN
49 INTEREST IN SUCH PROPERTY.

50 (3) CERTAIN TRANSFERS TREATED AS DISCLAIMERS. A WRITTEN TRANSFER OF
51 THE TRANSFEROR'S ENTIRE INTEREST IN THE PROPERTY-

52 (A) WHICH MEETS REQUIREMENTS SIMILAR TO THE REQUIREMENTS OF PARAGRAPHS
53 (2) AND (3) OF SUBSECTION (B), AND

54 (B) WHICH IS TO A PERSON OR PERSONS WHO WOULD HAVE RECEIVED THE PROP-
55 ERTY HAD THE TRANSFEROR MADE A QUALIFIED DISCLAIMER (WITHIN THE MEANING
56 OF SUBSECTION (B)),

--SHALL BE TREATED AS A QUALIFIED DISCLAIMER.

S 2519. DISPOSITIONS OF CERTAIN LIFE ESTATES. (A) GENERAL RULE

--FOR PURPOSES OF THIS CHAPTER AND CHAPTER 11, ANY DISPOSITION OF ALL OR PART OF A QUALIFYING INCOME INTEREST FOR LIFE IN ANY PROPERTY TO WHICH THIS SECTION APPLIES SHALL BE TREATED AS A TRANSFER OF ALL INTERESTS IN SUCH PROPERTY OTHER THAN THE QUALIFYING INCOME INTEREST.

(B) PROPERTY TO WHICH THIS SUBSECTION APPLIES. THIS SECTION APPLIES TO ANY PROPERTY IF A DEDUCTION WAS ALLOWED WITH RESPECT TO THE TRANSFER OF SUCH PROPERTY TO THE DONOR--

(1) UNDER SECTION 2056 BY REASON OF SUBSECTION (B)(7) THEREOF, OR

(2) UNDER SECTION 2523 BY REASON OF SUBSECTION (F) THEREOF.

(C) CROSS REFERENCE

--FOR RIGHT OF RECOVERY FOR GIFT TAX IN THE CASE OF PROPERTY TREATED AS TRANSFERRED UNDER THIS SECTION, SEE SECTION 2207A(B).

S 2522. CHARITABLE AND SIMILAR GIFTS. (A) CITIZENS OR RESIDENTS. IN COMPUTING TAXABLE GIFTS FOR THE CALENDAR YEAR, THERE SHALL BE ALLOWED AS A DEDUCTION IN THE CASE OF A CITIZEN OR RESIDENT THE AMOUNT OF ALL GIFTS MADE DURING SUCH YEAR TO OR FOR THE USE OF--

(1) THE UNITED STATES, ANY STATE, OR ANY POLITICAL SUBDIVISION THEREOF, OR THE DISTRICT OF COLUMBIA, FOR EXCLUSIVELY PUBLIC PURPOSES;

(2) A CORPORATION, OR TRUST, OR COMMUNITY CHEST, FUND, OR FOUNDATION, ORGANIZED AND OPERATED EXCLUSIVELY FOR RELIGIOUS, CHARITABLE, SCIENTIFIC, LITERARY, OR EDUCATIONAL PURPOSES, OR TO FOSTER NATIONAL OR INTERNATIONAL AMATEUR SPORTS COMPETITION (BUT ONLY IF NO PART OF ITS ACTIVITIES INVOLVE THE PROVISION OF ATHLETIC FACILITIES OR EQUIPMENT), INCLUDING THE ENCOURAGEMENT OF ART AND THE PREVENTION OF CRUELTY TO CHILDREN OR ANIMALS, NO PART OF THE NET EARNINGS OF WHICH INURES TO THE BENEFIT OF ANY PRIVATE SHAREHOLDER OR INDIVIDUAL, WHICH IS NOT DISQUALIFIED FOR TAX EXEMPTION UNDER SECTION 501(C)(3) BY REASON OF ATTEMPTING TO INFLUENCE LEGISLATION, AND WHICH DOES NOT PARTICIPATE IN, OR INTERVENE IN (INCLUDING THE PUBLISHING OR DISTRIBUTING OF STATEMENTS), ANY POLITICAL CAMPAIGN ON BEHALF OF (OR IN OPPOSITION TO) ANY CANDIDATE FOR PUBLIC OFFICE;

(3) A FRATERNAL SOCIETY, ORDER, OR ASSOCIATION, OPERATING UNDER THE LODGE SYSTEM, BUT ONLY IF SUCH GIFTS ARE TO BE USED EXCLUSIVELY FOR RELIGIOUS, CHARITABLE, SCIENTIFIC, LITERARY, OR EDUCATIONAL PURPOSES, INCLUDING THE ENCOURAGEMENT OF ART AND THE PREVENTION OF CRUELTY TO CHILDREN OR ANIMALS;

(4) POSTS OR ORGANIZATIONS OF WAR VETERANS, OR AUXILIARY UNITS OR SOCIETIES OF ANY SUCH POSTS OR ORGANIZATIONS, IF SUCH POSTS, ORGANIZATIONS, UNITS, OR SOCIETIES ARE ORGANIZED IN THE UNITED STATES OR ANY OF ITS POSSESSIONS, AND IF NO PART OF THEIR NET EARNINGS INURES TO THE BENEFIT OF ANY PRIVATE SHAREHOLDER OR INDIVIDUAL.

RULES SIMILAR TO THE RULES OF SECTION 501(J) SHALL APPLY FOR PURPOSES OF PARAGRAPH (2).

(B) NONRESIDENTS. IN THE CASE OF A NONRESIDENT NOT A CITIZEN OF THE UNITED STATES, THERE SHALL BE ALLOWED AS A DEDUCTION THE AMOUNT OF ALL GIFTS MADE DURING SUCH YEAR TO OR FOR THE USE OF--

(1) THE UNITED STATES, ANY STATE, OR ANY POLITICAL SUBDIVISION THEREOF, OR THE DISTRICT OF COLUMBIA, FOR EXCLUSIVELY PUBLIC PURPOSES;

(2) A DOMESTIC CORPORATION ORGANIZED AND OPERATED EXCLUSIVELY FOR RELIGIOUS, CHARITABLE, SCIENTIFIC, LITERARY, OR EDUCATIONAL PURPOSES, INCLUDING THE ENCOURAGEMENT OF ART AND THE PREVENTION OF CRUELTY TO CHILDREN OR ANIMALS, NO PART OF THE NET EARNINGS OF WHICH INURES TO THE BENEFIT OF ANY PRIVATE SHAREHOLDER OR INDIVIDUAL, WHICH IS NOT DISQUALIFIED FOR TAX EXEMPTION UNDER SECTION 501(C)(3) BY REASON OF ATTEMPTING

TO INFLUENCE LEGISLATION, AND WHICH DOES NOT PARTICIPATE IN, OR INTER-
VENE IN (INCLUDING THE PUBLISHING OR DISTRIBUTING OF STATEMENTS), ANY
POLITICAL CAMPAIGN ON BEHALF OF (OR IN OPPOSITION TO) ANY CANDIDATE FOR
PUBLIC OFFICE;

(3) A TRUST, OR COMMUNITY CHEST, FUND, OR FOUNDATION, ORGANIZED AND
OPERATED EXCLUSIVELY FOR RELIGIOUS, CHARITABLE, SCIENTIFIC, LITERARY, OR
EDUCATIONAL PURPOSES, INCLUDING THE ENCOURAGEMENT OF ART AND THE
PREVENTION OF CRUELTY TO CHILDREN OR ANIMALS, NO SUBSTANTIAL PART OF THE
ACTIVITIES OF WHICH IS CARRYING ON PROPAGANDA, OR OTHERWISE ATTEMPTING,
TO INFLUENCE LEGISLATION, AND WHICH DOES NOT PARTICIPATE IN, OR INTER-
VENE IN (INCLUDING THE PUBLISHING OR DISTRIBUTING OF STATEMENTS), ANY
POLITICAL CAMPAIGN ON BEHALF OF (OR IN OPPOSITION TO) ANY CANDIDATE FOR
PUBLIC OFFICE; BUT ONLY IF SUCH GIFTS ARE TO BE USED WITHIN THE UNITED
STATES EXCLUSIVELY FOR SUCH PURPOSES;

(4) A FRATERNAL SOCIETY, ORDER, OR ASSOCIATION, OPERATING UNDER THE
LODGE SYSTEM, BUT ONLY IF SUCH GIFTS ARE TO BE USED WITHIN THE UNITED
STATES EXCLUSIVELY FOR RELIGIOUS, CHARITABLE, SCIENTIFIC, LITERARY, OR
EDUCATIONAL PURPOSES, INCLUDING THE ENCOURAGEMENT OF ART AND THE
PREVENTION OF CRUELTY TO CHILDREN OR ANIMALS;

(5) POSTS OR ORGANIZATIONS OF WAR VETERANS, OR AUXILIARY UNITS OR
SOCIETIES OF ANY SUCH POSTS OR ORGANIZATIONS, IF SUCH POSTS, ORGANIZA-
TIONS, UNITS, OR SOCIETIES ARE ORGANIZED IN THE UNITED STATES OR ANY OF
ITS POSSESSIONS, AND IF NO PART OF THEIR NET EARNINGS INURES TO THE
BENEFIT OF ANY PRIVATE SHAREHOLDER OR INDIVIDUAL.

(C) DISALLOWANCE OF DEDUCTIONS IN CERTAIN CASES. (1) NO DEDUCTION
SHALL BE ALLOWED UNDER THIS SECTION FOR A GIFT TO OF 1 FOR THE USE OF AN
ORGANIZATION OR TRUST DESCRIBED IN SECTION 508(D) OR 4948(C)(4) SUBJECT
TO THE CONDITIONS SPECIFIED IN SUCH SECTIONS.

(2) WHERE A DONOR TRANSFERS AN INTEREST IN PROPERTY (OTHER THAN AN
INTEREST DESCRIBED IN SECTION 170(F)(3)(B)) TO A PERSON, OR FOR A USE,
DESCRIBED IN SUBSECTION (A) OR (B) AND AN INTEREST IN THE SAME PROPERTY
IS RETAINED BY THE DONOR, OR IS TRANSFERRED OR HAS BEEN TRANSFERRED (FOR
LESS THAN AN ADEQUATE AND FULL CONSIDERATION IN MONEY OR MONEY'S WORTH)
FROM THE DONOR TO A PERSON, OR FOR A USE, NOT DESCRIBED IN SUBSECTION
(A) OR (B), NO DEDUCTION SHALL BE ALLOWED UNDER THIS SECTION FOR THE
INTEREST WHICH IS, OR HAS BEEN TRANSFERRED TO THE PERSON, OR FOR THE
USE, DESCRIBED IN SUBSECTION (A) OR (B), UNLESS-

(A) IN THE CASE OF A REMAINDER INTEREST, SUCH INTEREST IS IN A TRUST
WHICH IS A CHARITABLE REMAINDER ANNUITY TRUST OR A CHARITABLE REMAINDER
UNITRUST (DESCRIBED IN SECTION 664) OR A POOLED INCOME FUND (DESCRIBED
IN SECTION 642(C)(5)), OR

(B) IN THE CASE OF ANY OTHER INTEREST, SUCH INTEREST IS IN THE FORM OF
A GUARANTEED ANNUITY OR IS A FIXED PERCENTAGE DISTRIBUTED YEARLY OF THE
FAIR MARKET VALUE OF THE PROPERTY (TO BE DETERMINED YEARLY).

(3) RULES SIMILAR TO THE RULES OF SECTION 2055(E)(4) SHALL APPLY FOR
PURPOSES OF PARAGRAPH (2).

(4) REFORMATIONS TO COMPLY WITH PARAGRAPH (2). (A) IN GENERAL -- A
DEDUCTION SHALL BE ALLOWED UNDER SUBSECTION (A) IN RESPECT OF ANY QUALI-
FIED REFORMATION (WITHIN THE MEANING OF SECTION 2055(E)(3)(B)).

(B) RULES SIMILAR TO SECTION 2055(E)(3) TO APPLY -- FOR PURPOSES OF
THIS PARAGRAPH, RULES SIMILAR TO THE RULES OF SECTION 2055(E)(3) SHALL
APPLY.

(5) CONTRIBUTIONS TO DONOR ADVISED FUNDS. A DEDUCTION OTHERWISE
ALLOWED UNDER SUBSECTION (A) FOR ANY CONTRIBUTION TO A DONOR ADVISED
FUND (AS DEFINED IN SECTION 4966(D)(2)) SHALL ONLY BE ALLOWED IF-

1 --(A) THE SPONSORING ORGANIZATION (AS DEFINED IN SECTION 4966(D)(1))
2 WITH RESPECT TO SUCH DONOR ADVISED FUND IS NOT-
3 --(I) DESCRIBED IN PARAGRAPH (3) OR (4) OF SUBSECTION (A), OR
4 --(II) A TYPE III SUPPORTING ORGANIZATION (AS DEFINED IN SECTION
5 4943(F)(5)(A)) WHICH IS NOT A FUNCTIONALLY INTEGRATED TYPE III SUPPORT-
6 ING ORGANIZATION (AS DEFINED IN SECTION 4943(F)(5)(B)), AND
7 --(B) THE TAXPAYER OBTAINS A CONTEMPORANEOUS WRITTEN ACKNOWLEDGMENT
8 (DETERMINED UNDER RULES SIMILAR TO THE RULES OF SECTION 170(F)(8)(C))
9 FROM THE SPONSORING ORGANIZATION (AS SO DEFINED) OF SUCH DONOR ADVISED
10 FUND THAT SUCH ORGANIZATION HAS EXCLUSIVE LEGAL CONTROL OVER THE ASSETS
11 CONTRIBUTED.

12 (D) SPECIAL RULE FOR IRREVOCABLE TRANSFERS OF EASEMENTS IN REAL PROP-
13 ERTY. A DEDUCTION SHALL BE ALLOWED UNDER SUBSECTION (A) IN RESPECT OF
14 ANY TRANSFER OF A QUALIFIED REAL PROPERTY INTEREST (AS DEFINED IN
15 SECTION 170(H)(2)(C)) WHICH MEETS THE REQUIREMENTS OF SECTION 170(H)
16 (WITHOUT REGARD TO PARAGRAPH (4)(A) THEREOF).

17 (E) SPECIAL RULES FOR FRACTIONAL GIFTS

18 (1) DENIAL OF DEDUCTION IN CERTAIN CASES

19 (A) IN GENERAL

20 --NO DEDUCTION SHALL BE ALLOWED FOR A CONTRIBUTION OF AN UNDIVIDED
21 PORTION OF A TAXPAYER'S ENTIRE INTEREST IN TANGIBLE PERSONAL PROPERTY
22 UNLESS ALL INTERESTS IN THE PROPERTY ARE HELD IMMEDIATELY BEFORE SUCH
23 CONTRIBUTION BY-

24 --(I) THE TAXPAYER, OR
25 --(II) THE TAXPAYER AND THE DONEE.

26 (B) EXCEPTIONS

27 --THE SECRETARY MAY, BY REGULATION, PROVIDE FOR EXCEPTIONS TO SUBPARA-
28 GRAPH (A) IN CASES WHERE ALL PERSONS WHO HOLD AN INTEREST IN THE PROPER-
29 TY MAKE PROPORTIONAL CONTRIBUTIONS OF AN UNDIVIDED PORTION OF THE ENTIRE
30 INTEREST HELD BY SUCH PERSONS.

31 (2) RECAPTURE OF DEDUCTION IN CERTAIN CASES; ADDITION TO TAX

32 (A) IN GENERAL. THE SECRETARY SHALL PROVIDE FOR THE RECAPTURE OF AN
33 AMOUNT EQUAL TO ANY DEDUCTION ALLOWED UNDER THIS SECTION (PLUS INTEREST)
34 WITH RESPECT TO ANY CONTRIBUTION OF AN UNDIVIDED PORTION OF A TAXPAYER'S
35 ENTIRE INTEREST IN TANGIBLE PERSONAL PROPERTY-

36 --(I) IN ANY CASE IN WHICH THE DONOR DOES NOT CONTRIBUTE ALL OF THE
37 REMAINING INTERESTS IN SUCH PROPERTY TO THE DONEE (OR, IF SUCH DONEE IS
38 NO LONGER IN EXISTENCE, TO ANY PERSON DESCRIBED IN SECTION 170(C)) ON OR
39 BEFORE THE EARLIER OF-

40 --(I) THE DATE THAT IS 10 YEARS AFTER THE DATE OF THE INITIAL FRACTIONAL
41 CONTRIBUTION, OR
42 --(II) THE DATE OF THE DEATH OF THE DONOR, AND
43 --(II) IN ANY CASE IN WHICH THE DONEE HAS NOT, DURING THE PERIOD BEGIN-
44 NING ON THE DATE OF THE INITIAL FRACTIONAL CONTRIBUTION AND ENDING ON
45 THE DATE DESCRIBED IN CLAUSE (I)-

46 --(I) HAD SUBSTANTIAL PHYSICAL POSSESSION OF THE PROPERTY, AND
47 --(II) USED THE PROPERTY IN A USE WHICH IS RELATED TO A PURPOSE OR FUNC-
48 TION CONSTITUTING THE BASIS FOR THE ORGANIZATIONS' EXEMPTION UNDER
49 SECTION 501.

50 (B) ADDITION TO TAX. THE TAX IMPOSED UNDER THIS CHAPTER FOR ANY TAXA-
51 BLE YEAR FOR WHICH THERE IS A RECAPTURE UNDER SUBPARAGRAPH (A) SHALL BE
52 INCREASED BY 10 PERCENT OF THE AMOUNT SO RECAPTURED.

53 (C) INITIAL FRACTIONAL CONTRIBUTION. FOR PURPOSES OF THIS PARAGRAPH,
54 THE TERM "INITIAL FRACTIONAL CONTRIBUTION" MEANS, WITH RESPECT TO ANY
55 DONOR, THE FIRST GIFT OF AN UNDIVIDED PORTION OF THE DONOR'S ENTIRE

INTEREST IN ANY TANGIBLE PERSONAL PROPERTY FOR WHICH A DEDUCTION IS ALLOWED UNDER SUBSECTION (A) OR (B).

(F) CROSS REFERENCES

--(1) FOR TREATMENT OF CERTAIN ORGANIZATIONS PROVIDING CHILD CARE, SEE SECTION 501(K).

--(2) FOR EXEMPTION OF CERTAIN GIFTS TO OR FOR THE BENEFIT OF THE UNITED STATES AND FOR RULES OF CONSTRUCTION WITH RESPECT TO CERTAIN BEQUESTS, SEE SECTION 2055(F).

--(3) FOR TREATMENT OF GIFTS TO OR FOR THE USE OF INDIAN TRIBAL GOVERNMENTS (OR THEIR SUBDIVISIONS), SEE SECTION 7871.

S 2523. GIFT TO SPOUSE (A) ALLOWANCE OF DEDUCTION. WHERE A DONOR TRANSFERS DURING THE CALENDAR YEAR BY GIFT AN INTEREST IN PROPERTY TO A DONEE WHO AT THE TIME OF THE GIFT IS THE DONOR'S SPOUSE, THERE SHALL BE ALLOWED AS A DEDUCTION IN COMPUTING TAXABLE GIFTS FOR THE CALENDAR YEAR AN AMOUNT WITH RESPECT TO SUCH INTEREST EQUAL TO ITS VALUE.

(B) LIFE ESTATE OR OTHER TERMINABLE INTEREST. WHERE, ON THE LAPSE OF TIME, ON THE OCCURRENCE OF AN EVENT OR CONTINGENCY, OR ON THE FAILURE OF AN EVENT OR CONTINGENCY TO OCCUR, SUCH INTEREST TRANSFERRED TO THE SPOUSE WILL TERMINATE OR FAIL, NO DEDUCTION SHALL BE ALLOWED WITH RESPECT TO SUCH INTEREST--

(1) IF THE DONOR RETAINS IN HIMSELF, OR TRANSFERS OR HAS TRANSFERRED (FOR LESS THAN AN ADEQUATE AND FULL CONSIDERATION IN MONEY OR MONEY'S WORTH) TO ANY PERSON OTHER THAN SUCH DONEE SPOUSE (OR THE ESTATE OF SUCH SPOUSE), AN INTEREST IN SUCH PROPERTY, AND IF BY REASON OF SUCH RETENTION OR TRANSFER THE DONOR (OR HIS HEIRS OR ASSIGNS) OR SUCH PERSON (OR HIS HEIRS OR ASSIGNS) MAY POSSESS OR ENJOY ANY PART OF SUCH PROPERTY AFTER SUCH TERMINATION OR FAILURE OF THE INTEREST TRANSFERRED TO THE DONEE SPOUSE; OR

(2) IF THE DONOR IMMEDIATELY AFTER THE TRANSFER TO THE DONEE SPOUSE HAS A POWER TO APPOINT AN INTEREST IN SUCH PROPERTY WHICH HE CAN EXERCISE (EITHER ALONE OR IN CONJUNCTION WITH ANY PERSON) IN SUCH MANNER THAT THE APPOINTEE MAY POSSESS OR ENJOY ANY PART OF SUCH PROPERTY AFTER SUCH TERMINATION OR FAILURE OF THE INTEREST TRANSFERRED TO THE DONEE SPOUSE. FOR PURPOSES OF THIS PARAGRAPH, THE DONOR SHALL BE CONSIDERED AS HAVING IMMEDIATELY AFTER THE TRANSFER TO THE DONEE SPOUSE SUCH POWER TO APPOINT EVEN THOUGH SUCH POWER CANNOT BE EXERCISED UNTIL AFTER THE LAPSE OF TIME, UPON THE OCCURRENCE OF AN EVENT OR CONTINGENCY, OR ON THE FAILURE OF AN EVENT OR CONTINGENCY TO OCCUR.

AN EXERCISE OR RELEASE AT ANY TIME BY THE DONOR, EITHER ALONE OR IN CONJUNCTION WITH ANY PERSON, OF A POWER TO APPOINT AN INTEREST IN PROPERTY, EVEN THOUGH NOT OTHERWISE A TRANSFER, SHALL, FOR PURPOSES OF PARAGRAPH (1), BE CONSIDERED AS A TRANSFER BY HIM. EXCEPT AS PROVIDED IN SUBSECTION (E), WHERE AT THE TIME OF THE TRANSFER IT IS IMPOSSIBLE TO ASCERTAIN THE PARTICULAR PERSON OR PERSONS WHO MAY RECEIVE FROM THE DONOR AN INTEREST IN PROPERTY SO TRANSFERRED BY HIM, SUCH INTEREST SHALL, FOR PURPOSES OF PARAGRAPH (1), BE CONSIDERED AS TRANSFERRED TO A PERSON OTHER THAN THE DONEE SPOUSE.

(C) INTEREST IN UNIDENTIFIED ASSETS. WHERE THE ASSETS OUT OF WHICH, OR THE PROCEEDS OF WHICH, THE INTEREST TRANSFERRED TO THE DONEE SPOUSE MAY BE SATISFIED INCLUDE A PARTICULAR ASSET OR ASSETS WITH RESPECT TO WHICH NO DEDUCTION WOULD BE ALLOWED IF SUCH ASSET OR ASSETS WERE TRANSFERRED FROM THE DONOR TO SUCH SPOUSE, THEN THE VALUE OF THE INTEREST TRANSFERRED TO SUCH SPOUSE SHALL, FOR PURPOSES OF SUBSECTION (A), BE REDUCED BY THE AGGREGATE VALUE OF SUCH PARTICULAR ASSETS.

(D) JOINT INTERESTS. IF THE INTEREST IS TRANSFERRED TO THE DONEE SPOUSE AS SOLE JOINT TENANT WITH THE DONOR OR AS TENANT BY THE ENTIRETY,

THE INTEREST OF THE DONOR IN THE PROPERTY WHICH EXISTS SOLELY BY REASON OF THE POSSIBILITY THAT THE DONOR MAY SURVIVE THE DONEE SPOUSE, OR THAT THERE MAY OCCUR A SEVERANCE OF THE TENANCY, SHALL NOT BE CONSIDERED FOR PURPOSES OF SUBSECTION (B) AS AN INTEREST RETAINED BY THE DONOR IN HIMSELF.

(E) LIFE ESTATE WITH POWER OF APPOINTMENT IN DONEE SPOUSE. WHERE THE DONOR TRANSFERS AN INTEREST IN PROPERTY, IF BY SUCH TRANSFER HIS SPOUSE IS ENTITLED FOR LIFE TO ALL OF THE INCOME FROM THE ENTIRE INTEREST, OR ALL THE INCOME FROM A SPECIFIC PORTION THEREOF, PAYABLE ANNUALLY OR AT MORE FREQUENT INTERVALS, WITH POWER IN THE DONEE SPOUSE TO APPOINT THE ENTIRE INTEREST, OR SUCH SPECIFIC PORTION (EXERCISABLE IN FAVOR OF SUCH DONEE SPOUSE, OR OF THE ESTATE OF SUCH DONEE SPOUSE, OR IN FAVOR OF EITHER, WHETHER OR NOT IN EACH CASE THE POWER IS EXERCISABLE IN FAVOR OF OTHERS), AND WITH NO POWER IN ANY OTHER PERSON TO APPOINT ANY PART OF SUCH INTEREST, OR SUCH PORTION, TO ANY PERSON OTHER THAN THE DONEE SPOUSE-

(1) THE INTEREST, OR SUCH PORTION, SO TRANSFERRED SHALL, FOR PURPOSES OF SUBSECTION (A) BE CONSIDERED AS TRANSFERRED TO THE DONEE SPOUSE, AND

(2) NO PART OF THE INTEREST, OR SUCH PORTION, SO TRANSFERRED SHALL, FOR PURPOSES OF SUBSECTION (B)(1), BE CONSIDERED AS RETAINED IN THE DONOR OR TRANSFERRED TO ANY PERSON OTHER THAN THE DONEE SPOUSE.

THIS SUBSECTION SHALL APPLY ONLY IF, BY SUCH TRANSFER, SUCH POWER IN THE DONEE SPOUSE TO APPOINT THE INTEREST, OR SUCH PORTION, WHETHER EXERCISABLE BY WILL OR DURING LIFE, IS EXERCISABLE BY SUCH SPOUSE ALONE AND IN ALL EVENTS. FOR PURPOSES OF THIS SUBSECTION, THE TERM "SPECIFIC PORTION" ONLY INCLUDES A PORTION DETERMINED ON A FRACTIONAL OR PERCENTAGE BASIS.

(F) ELECTION WITH RESPECT TO LIFE ESTATE FOR DONEE SPOUSE. (1) IN GENERAL

IN THE CASE OF QUALIFIED TERMINABLE INTEREST PROPERTY-

(A) FOR PURPOSES OF SUBSECTION (A), SUCH PROPERTY SHALL BE TREATED AS TRANSFERRED TO THE DONEE SPOUSE, AND

(B) FOR PURPOSES OF SUBSECTION (B)(1), NO PART OF SUCH PROPERTY SHALL BE CONSIDERED AS RETAINED IN THE DONOR OR TRANSFERRED TO ANY PERSON OTHER THAN THE DONEE SPOUSE.

(2) QUALIFIED TERMINABLE INTEREST PROPERTY. FOR PURPOSES OF THIS SUBSECTION, THE TERM "QUALIFIED TERMINABLE INTEREST PROPERTY" MEANS ANY PROPERTY-

(A) WHICH IS TRANSFERRED BY THE DONOR SPOUSE,

(B) IN WHICH THE DONEE SPOUSE HAS A QUALIFYING INCOME INTEREST FOR LIFE, AND

(C) TO WHICH AN ELECTION UNDER THIS SUBSECTION APPLIES.

(3) CERTAIN RULES MADE APPLICABLE. FOR PURPOSES OF THIS SUBSECTION, RULES SIMILAR TO THE RULES OF CLAUSES (II), (III), AND (IV) OF SECTION 2056(B)(7)(B) SHALL APPLY AND THE RULES OF SECTION 2056(B)(10) SHALL APPLY.

(4) ELECTION. (A) TIME AND MANNER. AN ELECTION UNDER THIS SUBSECTION WITH RESPECT TO ANY PROPERTY SHALL BE MADE ON OR BEFORE THE DATE PRESCRIBED BY SECTION 6075(B) FOR FILING A GIFT TAX RETURN WITH RESPECT TO THE TRANSFER (DETERMINED WITHOUT REGARD TO SECTION 6019(2)) AND SHALL BE MADE IN SUCH MANNER AS THE SECRETARY SHALL BY REGULATIONS PRESCRIBE.

(B) ELECTION IRREVOCABLE. AN ELECTION UNDER THIS SUBSECTION, ONCE MADE, SHALL BE IRREVOCABLE.

(5) TREATMENT OF INTEREST RETAINED BY DONOR SPOUSE. (A) IN GENERAL. IN THE CASE OF ANY QUALIFIED TERMINABLE INTEREST PROPERTY-

1 (I) SUCH PROPERTY SHALL NOT BE INCLUDIBLE IN THE GROSS ESTATE OF THE
2 DONOR SPOUSE, AND

3 (II) ANY SUBSEQUENT TRANSFER BY THE DONOR SPOUSE OF AN INTEREST IN
4 SUCH PROPERTY SHALL NOT BE TREATED AS A TRANSFER FOR PURPOSES OF THIS
5 CHAPTER.

6 (B) SUBPARAGRAPH (A) NOT TO APPLY AFTER TRANSFER BY DONEE SPOUSE.
7 SUBPARAGRAPH (A) SHALL NOT APPLY WITH RESPECT TO ANY PROPERTY AFTER THE
8 DONEE SPOUSE IS TREATED AS HAVING TRANSFERRED SUCH PROPERTY UNDER
9 SECTION 2519, OR SUCH PROPERTY IS INCLUDIBLE IN THE DONEE SPOUSE'S GROSS
10 ESTATE UNDER SECTION 2044.

11 (6) TREATMENT OF JOINT AND SURVIVOR ANNUITIES. IN THE CASE OF A JOINT
12 AND SURVIVOR ANNUITY WHERE ONLY THE DONOR SPOUSE AND DONEE SPOUSE HAVE
13 THE RIGHT TO RECEIVE PAYMENTS BEFORE THE DEATH OF THE LAST SPOUSE TO
14 DIE-

15 --(A) THE DONEE SPOUSE'S INTEREST SHALL BE TREATED AS A QUALIFYING
16 INCOME INTEREST FOR LIFE,

17 --(B) THE DONOR SPOUSE SHALL BE TREATED AS HAVING MADE AN ELECTION UNDER
18 THIS SUBSECTION WITH RESPECT TO SUCH ANNUITY UNLESS THE DONOR SPOUSE
19 OTHERWISE ELECTS ON OR BEFORE THE DATE SPECIFIED IN PARAGRAPH (4)(A),

20 --(C) PARAGRAPH (5) AND SECTION 2519 SHALL NOT APPLY TO THE DONOR
21 SPOUSE'S INTEREST IN THE ANNUITY, AND

22 --(D) IF THE DONEE SPOUSE DIES BEFORE THE DONOR SPOUSE, NO AMOUNT SHALL
23 BE INCLUDIBLE IN THE GROSS ESTATE OF THE DONEE SPOUSE UNDER SECTION 2044
24 WITH RESPECT TO SUCH ANNUITY.

25 AN ELECTION UNDER SUBPARAGRAPH (B), ONCE MADE, SHALL BE IRREVOCABLE.

26 (G) SPECIAL RULE FOR CHARITABLE REMAINDER TRUSTS. (1) IN GENERAL. IF,
27 AFTER THE TRANSFER, THE DONEE SPOUSE IS THE ONLY NONCHARITABLE BENEFICI-
28 ARY (OTHER THAN THE DONOR) OF A QUALIFIED CHARITABLE REMAINDER TRUST,
29 SUBSECTION (B) SHALL NOT APPLY TO THE INTEREST IN SUCH TRUST WHICH IS
30 TRANSFERRED TO THE DONEE SPOUSE.

31 (2) DEFINITIONS. FOR PURPOSES OF PARAGRAPH (1), THE TERM "NONCHARITA-
32 BLE BENEFICIARY" AND "QUALIFIED CHARITABLE REMAINDER TRUST" HAVE THE
33 MEANINGS GIVEN TO SUCH TERMS BY SECTION 2056(B)(8)(B).

34 (H) DENIAL OF DOUBLE DEDUCTION. NOTHING IN THIS SECTION OR ANY OTHER
35 PROVISION OF THIS CHAPTER SHALL ALLOW THE VALUE OF ANY INTEREST IN PROP-
36 erty TO BE DEDUCTED UNDER THIS CHAPTER MORE THAN ONCE WITH RESPECT TO
37 THE SAME DONOR.

38 S 2524. EXTENT OF DEDUCTIONS. THE DEDUCTIONS PROVIDED IN SECTIONS 2522
39 AND 2523 SHALL BE ALLOWED ONLY TO THE EXTENT THAT THE GIFTS THEREIN
40 SPECIFIED ARE INCLUDED IN THE AMOUNT OF GIFTS AGAINST WHICH SUCH
41 DEDUCTIONS ARE APPLIED.

42 S 2701. SPECIAL VALUATION RULES IN CASE OF TRANSFERS OF CERTAIN INTER-
43 ESTS IN CORPORATIONS OR PARTNERSHIPS. (A) VALUATION RULES. (1) IN GENER-
44 AL. SOLELY FOR PURPOSES OF DETERMINING WHETHER A TRANSFER OF AN INTER-
45 EST IN A CORPORATION OR PARTNERSHIP TO (OR FOR THE BENEFIT OF) A MEMBER
46 OF THE TRANSFEROR'S FAMILY IS A GIFT (AND THE VALUE OF SUCH TRANSFER),
47 THE VALUE OF ANY RIGHT-

48 --(A) WHICH IS DESCRIBED IN SUBPARAGRAPH (A) OR (B) OF SUBSECTION
49 (B)(1), AND

50 --(B) WHICH IS WITH RESPECT TO ANY APPLICABLE RETAINED INTEREST THAT IS
51 HELD BY THE TRANSFEROR OR AN APPLICABLE FAMILY MEMBER IMMEDIATELY AFTER
52 THE TRANSFER,

53 --SHALL BE DETERMINED UNDER PARAGRAPH (3). THIS PARAGRAPH SHALL NOT
54 APPLY TO THE TRANSFER OF ANY INTEREST FOR WHICH MARKET QUOTATIONS ARE
55 READILY AVAILABLE (AS OF THE DATE OF TRANSFER) ON AN ESTABLISHED SECURI-
56 TIES MARKET.

(2) EXCEPTIONS FOR MARKETABLE RETAINED INTERESTS, ETC. PARAGRAPH (1) SHALL NOT APPLY TO ANY RIGHT WITH RESPECT TO AN APPLICABLE RETAINED INTEREST IF-

--(A) MARKET QUOTATIONS ARE READILY AVAILABLE (AS OF THE DATE OF THE TRANSFER) FOR SUCH INTEREST ON AN ESTABLISHED SECURITIES MARKET,

--(B) SUCH INTEREST IS OF THE SAME CLASS AS THE TRANSFERRED INTEREST, OR

--(C) SUCH INTEREST IS PROPORTIONALLY THE SAME AS THE TRANSFERRED INTEREST, WITHOUT REGARD TO NONLAPSING DIFFERENCES IN VOTING POWER (OR, FOR A PARTNERSHIP, NONLAPSING DIFFERENCES WITH RESPECT TO MANAGEMENT AND LIMITATIONS ON LIABILITY).

--SUBPARAGRAPH (C) SHALL NOT APPLY TO ANY INTEREST IN A PARTNERSHIP IF THE TRANSFEROR OR AN APPLICABLE FAMILY MEMBER HAS THE RIGHT TO ALTER THE LIABILITY OF THE TRANSFEREE OF THE TRANSFERRED PROPERTY. EXCEPT AS PROVIDED BY THE SECRETARY, ANY DIFFERENCE DESCRIBED IN SUBPARAGRAPH (C) WHICH LAPSES BY REASON OF ANY FEDERAL OR STATE LAW SHALL BE TREATED AS A NONLAPSING DIFFERENCE FOR PURPOSES OF SUCH SUBPARAGRAPH.

(3) VALUATION OF RIGHTS TO WHICH PARAGRAPH (1) APPLIES. (A) IN GENERAL. THE VALUE OF ANY RIGHT DESCRIBED IN PARAGRAPH (1), OTHER THAN A DISTRIBUTION RIGHT WHICH CONSISTS OF A RIGHT TO RECEIVE A QUALIFIED PAYMENT, SHALL BE TREATED AS BEING ZERO.

(B) VALUATION OF CERTAIN QUALIFIED PAYMENTS. IF-

--(I) ANY APPLICABLE RETAINED INTEREST CONFERS A DISTRIBUTION RIGHT WHICH CONSISTS OF THE RIGHT TO A QUALIFIED PAYMENT, AND

--(II) THERE ARE 1 OR MORE LIQUIDATION, PUT, CALL, OR CONVERSION RIGHTS WITH RESPECT TO SUCH INTEREST, THE VALUE OF ALL SUCH RIGHTS SHALL BE DETERMINED AS IF EACH LIQUIDATION, PUT, CALL, OR CONVERSION RIGHT WERE EXERCISED IN THE MANNER RESULTING IN THE LOWEST VALUE BEING DETERMINED FOR ALL SUCH RIGHTS.

(C) VALUATION OF QUALIFIED PAYMENTS WHERE NO LIQUIDATION, ETC. RIGHTS. IN THE CASE OF AN APPLICABLE RETAINED INTEREST WHICH IS DESCRIBED IN SUBPARAGRAPH (B)(I) BUT NOT SUBPARAGRAPH (B)(II), THE VALUE OF THE DISTRIBUTION RIGHT SHALL BE DETERMINED WITHOUT REGARD TO THIS SECTION.

(4) MINIMUM VALUATION OF JUNIOR EQUITY. (A) IN GENERAL. IN THE CASE OF A TRANSFER DESCRIBED IN PARAGRAPH (1) OF A JUNIOR EQUITY INTEREST IN A CORPORATION OR PARTNERSHIP, SUCH INTEREST SHALL IN NO EVENT BE VALUED AT AN AMOUNT LESS THAN THE VALUE WHICH WOULD BE DETERMINED IF THE TOTAL VALUE OF ALL OF THE JUNIOR EQUITY INTERESTS IN THE ENTITY WERE EQUAL TO 10 PERCENT OF THE SUM OF-

--(I) THE TOTAL VALUE OF ALL OF THE EQUITY INTERESTS IN SUCH ENTITY, PLUS

--(II) THE TOTAL AMOUNT OF INDEBTEDNESS OF SUCH ENTITY TO THE TRANSFEROR (OR AN APPLICABLE FAMILY MEMBER).

(B) DEFINITIONS. FOR PURPOSES OF THIS PARAGRAPH-

(I) JUNIOR EQUITY INTEREST. THE TERM "JUNIOR EQUITY INTEREST" MEANS COMMON STOCK OR, IN THE CASE OF A PARTNERSHIP, ANY PARTNERSHIP INTEREST UNDER WHICH THE RIGHTS AS TO INCOME AND CAPITAL (OR, TO THE EXTENT PROVIDED IN REGULATIONS, THE RIGHTS AS TO EITHER INCOME OR CAPITAL) ARE JUNIOR TO THE RIGHTS OF ALL OTHER CLASSES OF EQUITY INTERESTS.

(II) EQUITY INTEREST. THE TERM "EQUITY INTEREST" MEANS STOCK OR ANY INTEREST AS A PARTNER, AS THE CASE MAY BE.

(B) APPLICABLE RETAINED INTERESTS. FOR PURPOSES OF THIS SECTION-

(1) IN GENERAL. THE TERM "APPLICABLE RETAINED INTEREST" MEANS ANY INTEREST IN AN ENTITY WITH RESPECT TO WHICH THERE IS-

--(A) A DISTRIBUTION RIGHT, BUT ONLY IF, IMMEDIATELY BEFORE THE TRANSFER DESCRIBED IN SUBSECTION (A)(1), THE TRANSFEROR AND APPLICABLE FAMILY

1 MEMBERS HOLD (AFTER APPLICATION OF SUBSECTION (E)(3)) CONTROL OF THE
2 ENTITY, OR
3 --(B) A LIQUIDATION, PUT, CALL, OR CONVERSION RIGHT.
4 (2) CONTROL. FOR PURPOSES OF PARAGRAPH (1)-
5 (A) CORPORATIONS. IN THE CASE OF A CORPORATION, THE TERM "CONTROL"
6 MEANS THE HOLDING OF AT LEAST 50 PERCENT (BY VOTE OR VALUE) OF THE STOCK
7 OF THE CORPORATION.
8 (B) PARTNERSHIPS. IN THE CASE OF A PARTNERSHIP, THE TERM "CONTROL"
9 MEANS-
10 --(I) THE HOLDING OF AT LEAST 50 PERCENT OF THE CAPITAL OR PROFITS
11 INTERESTS IN THE PARTNERSHIP, OR
12 --(II) IN THE CASE OF A LIMITED PARTNERSHIP, THE HOLDING OF ANY INTEREST
13 AS A GENERAL PARTNER.
14 (C) APPLICABLE FAMILY MEMBER. FOR PURPOSES OF THIS SUBSECTION, THE
15 TERM "APPLICABLE FAMILY MEMBER" INCLUDES ANY LINEAL DESCENDANT OF ANY
16 PARENT OF THE TRANSFEROR OR THE TRANSFEROR'S SPOUSE.
17 (C) DISTRIBUTION AND OTHER RIGHTS; QUALIFIED PAYMENTS. FOR PURPOSES OF
18 THIS SECTION-
19 (1) DISTRIBUTION RIGHT. (A) IN GENERAL. THE TERM "DISTRIBUTION RIGHT"
20 MEANS-
21 --(I) A RIGHT TO DISTRIBUTIONS FROM A CORPORATION WITH RESPECT TO ITS
22 STOCK, AND
23 --(II) A RIGHT TO DISTRIBUTIONS FROM A PARTNERSHIP WITH RESPECT TO A
24 PARTNER'S INTEREST IN THE PARTNERSHIP.
25 (B) EXCEPTIONS. THE TERM "DISTRIBUTION RIGHT" DOES NOT INCLUDE-
26 --(I) A RIGHT TO DISTRIBUTIONS WITH RESPECT TO ANY INTEREST WHICH IS
27 JUNIOR TO THE RIGHTS OF THE TRANSFERRED INTEREST,
28 --(II) ANY LIQUIDATION, PUT, CALL, OR CONVERSION RIGHT, OR
29 --(III) ANY RIGHT TO RECEIVE ANY GUARANTEED PAYMENT DESCRIBED IN SECTION
30 707(C) OF A FIXED AMOUNT.
31 (2) LIQUIDATION, ETC. RIGHTS. (A) IN GENERAL. THE TERM "LIQUIDATION,
32 PUT, CALL, OR CONVERSION RIGHT" MEANS ANY LIQUIDATION, PUT, CALL, OR
33 CONVERSION RIGHT, OR ANY SIMILAR RIGHT, THE EXERCISE OR NONEXERCISE OF
34 WHICH AFFECTS THE VALUE OF THE TRANSFERRED INTEREST.
35 (B) EXCEPTION FOR FIXED RIGHTS. (I) IN GENERAL. THE TERM "LIQUIDATION,
36 PUT, CALL, OR CONVERSION RIGHT" DOES NOT INCLUDE ANY RIGHT WHICH MUST BE
37 EXERCISED AT A SPECIFIC TIME AND AT A SPECIFIC AMOUNT.
38 (II) TREATMENT OF CERTAIN RIGHTS. IF A RIGHT IS ASSUMED TO BE EXER-
39 CISED IN A PARTICULAR MANNER UNDER SUBSECTION (A)(3)(B), SUCH RIGHT
40 SHALL BE TREATED AS SO EXERCISED FOR PURPOSES OF CLAUSE (I).
41 (C) EXCEPTION FOR CERTAIN RIGHTS TO CONVERT. THE TERM "LIQUIDATION,
42 PUT, CALL, OR CONVERSION RIGHT" DOES NOT INCLUDE ANY RIGHT WHICH-
43 --(I) IS A RIGHT TO CONVERT INTO A FIXED NUMBER (OR A FIXED PERCENTAGE)
44 OF SHARES OF THE SAME CLASS OF STOCK IN A CORPORATION AS THE TRANSFERRED
45 STOCK IN SUCH CORPORATION UNDER SUBSECTION (A)(1) (OR STOCK WHICH WOULD
46 BE OF THE SAME CLASS BUT FOR NONLAPSING DIFFERENCES IN VOTING POWER),
47 --(II) IS NONLAPSING,
48 --(III) IS SUBJECT TO PROPORTIONATE ADJUSTMENTS FOR SPLITS, COMBINA-
49 TIONS, RECLASSIFICATIONS, AND SIMILAR CHANGES IN THE CAPITAL STOCK, AND
50 --(IV) IS SUBJECT TO ADJUSTMENTS SIMILAR TO THE ADJUSTMENTS UNDER
51 SUBSECTION (D) FOR ACCUMULATED BUT UNPAID DISTRIBUTIONS.
52 --A RULE SIMILAR TO THE RULE OF THE PRECEDING SENTENCE SHALL APPLY FOR
53 PARTNERSHIPS.
54 (3) QUALIFIED PAYMENT. (A) IN GENERAL. EXCEPT AS OTHERWISE PROVIDED IN
55 THIS PARAGRAPH, THE TERM "QUALIFIED PAYMENT" MEANS ANY DIVIDEND PAYABLE
56 ON A PERIODIC BASIS UNDER ANY CUMULATIVE PREFERRED STOCK (OR A COMPARA-

1 BLE PAYMENT UNDER ANY PARTNERSHIP INTEREST) TO THE EXTENT THAT SUCH
2 DIVIDEND (OR COMPARABLE PAYMENT) IS DETERMINED AT A FIXED RATE.

3 (B) TREATMENT OF VARIABLE RATE PAYMENTS. FOR PURPOSES OF SUBPARAGRAPH
4 (A), A PAYMENT SHALL BE TREATED AS FIXED AS TO RATE IF SUCH PAYMENT IS
5 DETERMINED AT A RATE WHICH BEARS A FIXED RELATIONSHIP TO A SPECIFIED
6 MARKET INTEREST RATE.

7 (C) ELECTIONS. (I) IN GENERAL. PAYMENTS UNDER ANY INTEREST HELD BY A
8 TRANSFEROR WHICH (WITHOUT REGARD TO THIS SUBPARAGRAPH) ARE QUALIFIED
9 PAYMENTS SHALL BE TREATED AS QUALIFIED PAYMENTS UNLESS THE TRANSFEROR
10 ELECTS NOT TO TREAT SUCH PAYMENTS AS QUALIFIED PAYMENTS. PAYMENTS
11 DESCRIBED IN THE PRECEDING SENTENCE WHICH ARE HELD BY AN APPLICABLE
12 FAMILY MEMBER SHALL BE TREATED AS QUALIFIED PAYMENTS ONLY IF SUCH MEMBER
13 ELECTS TO TREAT SUCH PAYMENTS AS QUALIFIED PAYMENTS.

14 (II) ELECTION TO HAVE INTEREST TREATED AS QUALIFIED PAYMENT. A
15 TRANSFEROR OR APPLICABLE FAMILY MEMBER HOLDING ANY DISTRIBUTION RIGHT
16 WHICH (WITHOUT REGARD TO THIS SUBPARAGRAPH) IS NOT A QUALIFIED PAYMENT
17 MAY ELECT TO TREAT SUCH RIGHT AS A QUALIFIED PAYMENT, TO BE PAID IN THE
18 AMOUNTS AND AT THE TIMES SPECIFIED IN SUCH ELECTION. THE PRECEDING
19 SENTENCE SHALL APPLY ONLY TO THE EXTENT THAT THE AMOUNTS AND TIMES SO
20 SPECIFIED ARE NOT INCONSISTENT WITH THE UNDERLYING LEGAL INSTRUMENT
21 GIVING RISE TO SUCH RIGHT.

22 (III) ELECTIONS IRREVOCABLE. ANY ELECTION UNDER THIS SUBPARAGRAPH WITH
23 RESPECT TO AN INTEREST SHALL, ONCE MADE, BE IRREVOCABLE.

24 (D) TRANSFER TAX TREATMENT OF CUMULATIVE BUT UNPAID DISTRIBUTIONS. (1)
25 IN GENERAL. IF A TAXABLE EVENT OCCURS WITH RESPECT TO ANY DISTRIBUTION
26 RIGHT TO WHICH SUBSECTION (A)(3)(B) OR (C) APPLIED, THE FOLLOWING SHALL
27 BE INCREASED BY THE AMOUNT DETERMINED UNDER PARAGRAPH (2):

28 --(A) THE TAXABLE ESTATE OF THE TRANSFEROR IN THE CASE OF A TAXABLE
29 EVENT DESCRIBED IN PARAGRAPH (3)(A)(I).

30 --(B) THE TAXABLE GIFTS OF THE TRANSFEROR FOR THE CALENDAR YEAR IN WHICH
31 THE TAXABLE EVENT OCCURS IN THE CASE OF A TAXABLE EVENT DESCRIBED IN
32 PARAGRAPH (3)(A)(II) OR (III).

33 (2) AMOUNT OF INCREASE. (A) IN GENERAL. THE AMOUNT OF THE INCREASE
34 DETERMINED UNDER THIS PARAGRAPH SHALL BE THE EXCESS (IF ANY) OF-

35 --(I) THE VALUE OF THE QUALIFIED PAYMENTS PAYABLE DURING THE PERIOD
36 BEGINNING ON THE DATE OF THE TRANSFER UNDER SUBSECTION (A)(1) AND ENDING
37 ON THE DATE OF THE TAXABLE EVENT DETERMINED AS IF-

38 --(I) ALL SUCH PAYMENTS WERE PAID ON THE DATE PAYMENT WAS DUE, AND

39 --(II) ALL SUCH PAYMENTS WERE REINVESTED BY THE TRANSFEROR AS OF THE
40 DATE OF PAYMENT AT A YIELD EQUAL TO THE DISCOUNT RATE USED IN DETERMIN-
41 ING THE VALUE OF THE APPLICABLE RETAINED INTEREST DESCRIBED IN
42 SUBSECTION (A)(1), OVER

43 (II) THE VALUE OF SUCH PAYMENTS PAID DURING SUCH PERIOD COMPUTED UNDER
44 CLAUSE (I) ON THE BASIS OF THE TIME WHEN SUCH PAYMENTS WERE ACTUALLY
45 PAID.

46 (B) LIMITATION ON AMOUNT OF INCREASE. (I) IN GENERAL. THE AMOUNT OF
47 THE INCREASE UNDER SUBPARAGRAPH (A) SHALL NOT EXCEED THE APPLICABLE
48 PERCENTAGE OF THE EXCESS (IF ANY) OF-

49 --(I) THE VALUE (DETERMINED AS OF THE DATE OF THE TAXABLE EVENT) OF ALL
50 EQUITY INTERESTS IN THE ENTITY WHICH ARE JUNIOR TO THE APPLICABLE
51 RETAINED INTEREST, OVER

52 --(II) THE VALUE OF SUCH INTERESTS (DETERMINED AS OF THE DATE OF THE
53 TRANSFER TO WHICH SUBSECTION (A)(1) APPLIED).

54 (II) APPLICABLE PERCENTAGE. FOR PURPOSES OF CLAUSE (I), THE APPLICABLE
55 PERCENTAGE IS THE PERCENTAGE DETERMINED BY DIVIDING-

1 --(I) THE NUMBER OF SHARES IN THE CORPORATION HELD (AS OF THE DATE OF
2 THE TAXABLE EVENT) BY THE TRANSFEROR WHICH ARE APPLICABLE RETAINED
3 INTERESTS OF THE SAME CLASS, BY
4 --(II) THE TOTAL NUMBER OF SHARES IN SUCH CORPORATION (AS OF SUCH DATE)
5 WHICH ARE OF THE SAME CLASS AS THE CLASS DESCRIBED IN SUBCLAUSE (I).
6 --A SIMILAR PERCENTAGE SHALL BE DETERMINED IN THE CASE OF INTERESTS IN A
7 PARTNERSHIP.
8 (III) DEFINITION. FOR PURPOSES OF THIS SUBPARAGRAPH, THE TERM "EQUITY
9 INTEREST" HAS THE MEANING GIVEN SUCH TERM BY SUBSECTION (A)(4)(B).
10 (C) GRACE PERIOD. FOR PURPOSES OF SUBPARAGRAPH (A), ANY PAYMENT OF ANY
11 DISTRIBUTION DURING THE 4-YEAR PERIOD BEGINNING ON ITS DUE DATE SHALL BE
12 TREATED AS HAVING BEEN MADE ON SUCH DUE DATE.
13 (3) TAXABLE EVENTS. FOR PURPOSES OF THIS SUBSECTION-
14 (A) IN GENERAL. THE TERM "TAXABLE EVENT" MEANS ANY OF THE FOLLOWING:
15 --(I) THE DEATH OF THE TRANSFEROR IF THE APPLICABLE RETAINED INTEREST
16 CONFERRING THE DISTRIBUTION RIGHT IS INCLUDIBLE IN THE ESTATE OF THE
17 TRANSFEROR.
18 --(II) THE TRANSFER OF SUCH APPLICABLE RETAINED INTEREST.
19 --(III) AT THE ELECTION OF THE TAXPAYER, THE PAYMENT OF ANY QUALIFIED
20 PAYMENT AFTER THE PERIOD DESCRIBED IN PARAGRAPH (2)(C), BUT ONLY WITH
21 RESPECT TO SUCH PAYMENT.
22 (B) EXCEPTION WHERE SPOUSE IS TRANSFEREE. (I) DEATHTIME TRANSFERS
23 --SUBPARAGRAPH (A)(I) SHALL NOT APPLY TO ANY INTEREST INCLUDIBLE IN THE
24 GROSS ESTATE OF THE TRANSFEROR IF A DEDUCTION WITH RESPECT TO SUCH
25 INTEREST IS ALLOWABLE UNDER SECTION 2056 OR 2106(A)(3).
26 (II) LIFETIME TRANSFERS. A TRANSFER TO THE SPOUSE OF THE TRANSFEROR
27 SHALL NOT BE TREATED AS A TAXABLE EVENT UNDER SUBPARAGRAPH (A)(II) IF
28 SUCH TRANSFER DOES NOT RESULT IN A TAXABLE GIFT BY REASON OF-
29 --(I) ANY DEDUCTION ALLOWED UNDER SECTION 2523, OR THE EXCLUSION UNDER
30 SECTION 2503(B), OR
31 --(II) CONSIDERATION FOR THE TRANSFER PROVIDED BY THE SPOUSE.
32 (III) SPOUSE SUCCEEDS TO TREATMENT OF TRANSFEROR. IF AN EVENT IS NOT
33 TREATED AS A TAXABLE EVENT BY REASON OF THIS SUBPARAGRAPH, THE TRANSFER-
34 EE SPOUSE OR SURVIVING SPOUSE (AS THE CASE MAY BE) SHALL BE TREATED IN
35 THE SAME MANNER AS THE TRANSFEROR IN APPLYING THIS SUBSECTION WITH
36 RESPECT TO THE INTEREST INVOLVED.
37 (4) SPECIAL RULES FOR APPLICABLE FAMILY MEMBERS. (A) FAMILY MEMBER
38 TREATED IN SAME MANNER AS TRANSFEROR. FOR PURPOSES OF THIS SUBSECTION,
39 AN APPLICABLE FAMILY MEMBER SHALL BE TREATED IN THE SAME MANNER AS THE
40 TRANSFEROR WITH RESPECT TO ANY DISTRIBUTION RIGHT RETAINED BY SUCH FAMI-
41 LY MEMBER TO WHICH SUBSECTION (A)(3)(B) OR (C) APPLIED.
42 (B) TRANSFER TO APPLICABLE FAMILY MEMBER. IN THE CASE OF A TAXABLE
43 EVENT DESCRIBED IN PARAGRAPH (3)(A)(II) INVOLVING THE TRANSFER OF AN
44 APPLICABLE RETAINED INTEREST TO AN APPLICABLE FAMILY MEMBER (OTHER THAN
45 THE SPOUSE OF THE TRANSFEROR), THE APPLICABLE FAMILY MEMBER SHALL BE
46 TREATED IN THE SAME MANNER AS THE TRANSFEROR IN APPLYING THIS SUBSECTION
47 TO DISTRIBUTIONS ACCUMULATING WITH RESPECT TO SUCH INTEREST AFTER SUCH
48 TAXABLE EVENT.
49 (C) TRANSFER TO TRANSFERORS. IN THE CASE OF A TAXABLE EVENT DESCRIBED
50 IN PARAGRAPH (3)(A)(II) INVOLVING A TRANSFER OF AN APPLICABLE RETAINED
51 INTEREST FROM AN APPLICABLE FAMILY MEMBER TO A TRANSFEROR, THIS
52 SUBSECTION SHALL CONTINUE TO APPLY TO THE TRANSFEROR DURING ANY PERIOD
53 THE TRANSFEROR HOLDS SUCH INTEREST.
54 (5) TRANSFER TO INCLUDE TERMINATION. FOR PURPOSES OF THIS SUBSECTION,
55 ANY TERMINATION OF AN INTEREST SHALL BE TREATED AS A TRANSFER.
56 (E) OTHER DEFINITIONS AND RULES. FOR PURPOSES OF THIS SECTION-

(1) MEMBER OF THE FAMILY. THE TERM "MEMBER OF THE FAMILY" MEANS, WITH RESPECT TO ANY TRANSFEROR-

--(A) THE TRANSFEROR'S SPOUSE,

--(B) A LINEAL DESCENDANT OF THE TRANSFEROR OR THE TRANSFEROR'S SPOUSE, AND

--(C) THE SPOUSE OF ANY SUCH DESCENDANT.

(2) APPLICABLE FAMILY MEMBER. THE TERM "APPLICABLE FAMILY MEMBER" MEANS, WITH RESPECT TO ANY TRANSFEROR-

--(A) THE TRANSFEROR'S SPOUSE,

--(B) AN ANCESTOR OF THE TRANSFEROR OR THE TRANSFEROR'S SPOUSE, AND

--(C) THE SPOUSE OF ANY SUCH ANCESTOR.

(3) ATTRIBUTION OF INDIRECT HOLDINGS AND TRANSFERS. AN INDIVIDUAL SHALL BE TREATED AS HOLDING ANY INTEREST TO THE EXTENT SUCH INTEREST IS HELD INDIRECTLY BY SUCH INDIVIDUAL THROUGH A CORPORATION, PARTNERSHIP, TRUST, OR OTHER ENTITY. IF ANY INDIVIDUAL IS TREATED AS HOLDING ANY INTEREST BY REASON OF THE PRECEDING SENTENCE, ANY TRANSFER WHICH RESULTS IN SUCH INTEREST BEING TREATED AS NO LONGER HELD BY SUCH INDIVIDUAL SHALL BE TREATED AS A TRANSFER OF SUCH INTEREST.

(4) EFFECT OF ADOPTION. A RELATIONSHIP BY LEGAL ADOPTION SHALL BE TREATED AS A RELATIONSHIP BY BLOOD.

(5) CERTAIN CHANGES TREATED AS TRANSFERS. EXCEPT AS PROVIDED IN REGULATIONS, A CONTRIBUTION TO CAPITAL OR A REDEMPTION, RECAPITALIZATION, OR OTHER CHANGE IN THE CAPITAL STRUCTURE OF A CORPORATION OR PARTNERSHIP SHALL BE TREATED AS A TRANSFER OF AN INTEREST IN SUCH ENTITY TO WHICH THIS SECTION APPLIES IF THE TAXPAYER OR AN APPLICABLE FAMILY MEMBER-

--(A) RECEIVES AN APPLICABLE RETAINED INTEREST IN SUCH ENTITY PURSUANT TO SUCH TRANSACTION, OR

--(B) UNDER REGULATIONS, OTHERWISE HOLDS, IMMEDIATELY AFTER SUCH TRANSACTION, AN APPLICABLE RETAINED INTEREST IN SUCH ENTITY.

--THIS PARAGRAPH SHALL NOT APPLY TO ANY TRANSACTION (OTHER THAN A CONTRIBUTION TO CAPITAL) IF THE INTERESTS IN THE ENTITY HELD BY THE TRANSFEROR, APPLICABLE FAMILY MEMBERS, AND MEMBERS OF THE TRANSFEROR'S FAMILY BEFORE AND AFTER THE TRANSACTION ARE SUBSTANTIALLY IDENTICAL.

(6) ADJUSTMENTS. UNDER REGULATIONS PRESCRIBED BY THE SECRETARY, IF THERE IS ANY SUBSEQUENT TRANSFER, OR INCLUSION IN THE GROSS ESTATE, OF ANY APPLICABLE RETAINED INTEREST WHICH WAS VALUED UNDER THE RULES OF SUBSECTION (A), APPROPRIATE ADJUSTMENTS SHALL BE MADE FOR PURPOSES OF CHAPTER 11, 12, OR 13 TO REFLECT THE INCREASE IN THE AMOUNT OF ANY PRIOR TAXABLE GIFT MADE BY THE TRANSFEROR OR DECEDENT BY REASON OF SUCH VALUATION OR TO REFLECT THE APPLICATION OF SUBSECTION (D).

(7) TREATMENT AS SEPARATE INTERESTS. THE SECRETARY MAY BY REGULATION PROVIDE THAT ANY APPLICABLE RETAINED INTEREST SHALL BE TREATED AS 2 OR MORE SEPARATE INTERESTS FOR PURPOSES OF THIS SECTION.

S 2702. SPECIAL VALUATION RULES IN CASE OF TRANSFERS OF INTERESTS IN TRUSTS. (A) VALUATION RULES. (1) IN GENERAL. SOLELY FOR PURPOSES OF DETERMINING WHETHER A TRANSFER OF AN INTEREST IN TRUST TO (OR FOR THE BENEFIT OF) A MEMBER OF THE TRANSFEROR'S FAMILY IS A GIFT (AND THE VALUE OF SUCH TRANSFER), THE VALUE OF ANY INTEREST IN SUCH TRUST RETAINED BY THE TRANSFEROR OR ANY APPLICABLE FAMILY MEMBER (AS DEFINED IN SECTION 2701(E)(2)) SHALL BE DETERMINED AS PROVIDED IN PARAGRAPH (2).

(2) VALUATION OF RETAINED INTERESTS. (A) IN GENERAL. THE VALUE OF ANY RETAINED INTEREST WHICH IS NOT A QUALIFIED INTEREST SHALL BE TREATED AS BEING ZERO.

(B) VALUATION OF QUALIFIED INTEREST. THE VALUE OF ANY RETAINED INTEREST WHICH IS A QUALIFIED INTEREST SHALL BE DETERMINED UNDER SECTION 7520.

(3) EXCEPTIONS. (A) IN GENERAL. THIS SUBSECTION SHALL NOT APPLY TO ANY TRANSFER-

--(I) IF SUCH TRANSFER IS AN INCOMPLETE GIFT,

--(II) IF SUCH TRANSFER INVOLVES THE TRANSFER OF AN INTEREST IN TRUST ALL THE PROPERTY IN WHICH CONSISTS OF A RESIDENCE TO BE USED AS A PERSONAL RESIDENCE BY PERSONS HOLDING TERM INTERESTS IN SUCH TRUST, OR

--(III) TO THE EXTENT THAT REGULATIONS PROVIDE THAT SUCH TRANSFER IS NOT INCONSISTENT WITH THE PURPOSES OF THIS SECTION.

(B) INCOMPLETE GIFT. FOR PURPOSES OF SUBPARAGRAPH (A), THE TERM "INCOMPLETE GIFT" MEANS ANY TRANSFER WHICH WOULD NOT BE TREATED AS A GIFT WHETHER OR NOT CONSIDERATION WAS RECEIVED FOR SUCH TRANSFER.

(B) QUALIFIED INTEREST. FOR PURPOSES OF THIS SECTION, THE TERM "QUALIFIED INTEREST" MEANS-

(1) ANY INTEREST WHICH CONSISTS OF THE RIGHT TO RECEIVE FIXED AMOUNTS PAYABLE NOT LESS FREQUENTLY THAN ANNUALLY,

(2) ANY INTEREST WHICH CONSISTS OF THE RIGHT TO RECEIVE AMOUNTS WHICH ARE PAYABLE NOT LESS FREQUENTLY THAN ANNUALLY AND ARE A FIXED PERCENTAGE OF THE FAIR MARKET VALUE OF THE PROPERTY IN THE TRUST (DETERMINED ANNUALLY), AND

(3) ANY NONCONTINGENT REMAINDER INTEREST IF ALL OF THE OTHER INTERESTS IN THE TRUST CONSIST OF INTERESTS DESCRIBED IN PARAGRAPH (1) OR (2).

(C) CERTAIN PROPERTY TREATED AS HELD IN TRUST. FOR PURPOSES OF THIS SECTION- (1) IN GENERAL. THE TRANSFER OF AN INTEREST IN PROPERTY WITH RESPECT TO WHICH THERE IS 1 OR MORE TERM INTERESTS SHALL BE TREATED AS A TRANSFER OF AN INTEREST IN A TRUST.

(2) JOINT PURCHASES. IF 2 OR MORE MEMBERS OF THE SAME FAMILY ACQUIRE INTERESTS IN ANY PROPERTY DESCRIBED IN PARAGRAPH (1) IN THE SAME TRANSACTION (OR A SERIES OF RELATED TRANSACTIONS), THE PERSON (OR PERSONS) ACQUIRING THE TERM INTERESTS IN SUCH PROPERTY SHALL BE TREATED AS HAVING ACQUIRED THE ENTIRE PROPERTY AND THEN TRANSFERRED TO THE OTHER PERSONS THE INTERESTS ACQUIRED BY SUCH OTHER PERSONS IN THE TRANSACTION (OR SERIES OF TRANSACTIONS). SUCH TRANSFER SHALL BE TREATED AS MADE IN EXCHANGE FOR THE CONSIDERATION (IF ANY) PROVIDED BY SUCH OTHER PERSONS FOR THE ACQUISITION OF THEIR INTERESTS IN SUCH PROPERTY.

(3) TERM INTEREST. THE TERM "TERM INTEREST" MEANS-

(A) A LIFE INTEREST IN PROPERTY, OR

(B) AN INTEREST IN PROPERTY FOR A TERM OF YEARS.

(4) VALUATION RULE FOR CERTAIN TERM INTERESTS. IF THE NONEXERCISE OF RIGHTS UNDER A TERM INTEREST IN TANGIBLE PROPERTY WOULD NOT HAVE A SUBSTANTIAL EFFECT ON THE VALUATION OF THE REMAINDER INTEREST IN SUCH PROPERTY-

(A) SUBPARAGRAPH (A) OF SUBSECTION (A)(2) SHALL NOT APPLY TO SUCH TERM INTEREST, AND

(B) THE VALUE OF SUCH TERM INTEREST FOR PURPOSES OF APPLYING SUBSECTION (A)(1) SHALL BE THE AMOUNT WHICH THE HOLDER OF THE TERM INTEREST ESTABLISHES AS THE AMOUNT FOR WHICH SUCH INTEREST COULD BE SOLD TO AN UNRELATED THIRD PARTY.

(D) TREATMENT OF TRANSFERS OF INTERESTS IN PORTION OF TRUST. IN THE CASE OF A TRANSFER OF AN INCOME OR REMAINDER INTEREST WITH RESPECT TO A SPECIFIED PORTION OF THE PROPERTY IN A TRUST, ONLY SUCH PORTION SHALL BE TAKEN INTO ACCOUNT IN APPLYING THIS SECTION TO SUCH TRANSFER.

(E) MEMBER OF THE FAMILY. FOR PURPOSES OF THIS SECTION, THE TERM "MEMBER OF THE FAMILY" SHALL HAVE THE MEANING GIVEN SUCH TERM BY SECTION 2704(C)(2).

S 2703. CERTAIN RIGHTS AND RESTRICTIONS DISREGARDED

(A) GENERAL RULE. FOR PURPOSES OF THIS SUBTITLE, THE VALUE OF ANY PROPERTY SHALL BE DETERMINED WITHOUT REGARD TO-

(1) ANY OPTION, AGREEMENT, OR OTHER RIGHT TO ACQUIRE OR USE THE PROPERTY AT A PRICE LESS THAN THE FAIR MARKET VALUE OF THE PROPERTY (WITHOUT REGARD TO SUCH OPTION, AGREEMENT, OR RIGHT), OR

(2) ANY RESTRICTION ON THE RIGHT TO SELL OR USE SUCH PROPERTY.

(B) EXCEPTIONS. SUBSECTION (A) SHALL NOT APPLY TO ANY OPTION, AGREEMENT, RIGHT, OR RESTRICTION WHICH MEETS EACH OF THE FOLLOWING REQUIREMENTS:

(1) IT IS A BONA FIDE BUSINESS ARRANGEMENT.

(2) IT IS NOT A DEVICE TO TRANSFER SUCH PROPERTY TO MEMBERS OF THE DECEDENT'S FAMILY FOR LESS THAN FULL AND ADEQUATE CONSIDERATION IN MONEY OR MONEY'S WORTH.

(3) ITS TERMS ARE COMPARABLE TO SIMILAR ARRANGEMENTS ENTERED INTO BY PERSONS IN AN ARMS' LENGTH TRANSACTION

S 2704. TREATMENT OF CERTAIN LAPSING RIGHTS AND RESTRICTIONS. (A) TREATMENT OF LAPSED VOTING OR LIQUIDATION RIGHTS. (1) IN GENERAL. FOR PURPOSES OF THIS SUBTITLE, IF-

--(A) THERE IS A LAPSE OF ANY VOTING OR LIQUIDATION RIGHT IN A CORPORATION OR PARTNERSHIP, AND

--(B) THE INDIVIDUAL HOLDING SUCH RIGHT IMMEDIATELY BEFORE THE LAPSE AND MEMBERS OF SUCH INDIVIDUAL'S FAMILY HOLD, BOTH BEFORE AND AFTER THE LAPSE, CONTROL OF THE ENTITY,

SUCH LAPSE SHALL BE TREATED AS A TRANSFER BY SUCH INDIVIDUAL BY GIFT, OR A TRANSFER WHICH IS INCLUDIBLE IN THE GROSS ESTATE OF THE DECEDENT, WHICHEVER IS APPLICABLE, IN THE AMOUNT DETERMINED UNDER PARAGRAPH (2).

(2) AMOUNT OF TRANSFER. FOR PURPOSES OF PARAGRAPH (1), THE AMOUNT DETERMINED UNDER THIS PARAGRAPH IS THE EXCESS (IF ANY) OF-

--(A) THE VALUE OF ALL INTERESTS IN THE ENTITY HELD BY THE INDIVIDUAL DESCRIBED IN PARAGRAPH (1) IMMEDIATELY BEFORE THE LAPSE (DETERMINED AS IF THE VOTING AND LIQUIDATION RIGHTS WERE NONLAPSING), OVER

--(B) THE VALUE OF SUCH INTERESTS IMMEDIATELY AFTER THE LAPSE.

(3) SIMILAR RIGHTS. THE SECRETARY MAY BY REGULATIONS APPLY THIS SUBSECTION TO RIGHTS SIMILAR TO VOTING AND LIQUIDATION RIGHTS.

(B) CERTAIN RESTRICTIONS ON LIQUIDATION DISREGARDED. (1) IN GENERAL. FOR PURPOSES OF THIS SUBTITLE, IF-

--(A) THERE IS A TRANSFER OF AN INTEREST IN A CORPORATION OR PARTNERSHIP TO (OR FOR THE BENEFIT OF) A MEMBER OF THE TRANSFEROR'S FAMILY, AND

--(B) THE TRANSFEROR AND MEMBERS OF THE TRANSFEROR'S FAMILY HOLD, IMMEDIATELY BEFORE THE TRANSFER, CONTROL OF THE ENTITY,

--ANY APPLICABLE RESTRICTION SHALL BE DISREGARDED IN DETERMINING THE VALUE OF THE TRANSFERRED INTEREST.

(2) APPLICABLE RESTRICTION. FOR PURPOSES OF THIS SUBSECTION, THE TERM "APPLICABLE RESTRICTION" MEANS ANY RESTRICTION-

(A) WHICH EFFECTIVELY LIMITS THE ABILITY OF THE CORPORATION OR PARTNERSHIP TO LIQUIDATE, AND

(B) WITH RESPECT TO WHICH EITHER OF THE FOLLOWING APPLIES:

--(I) THE RESTRICTION LAPSES, IN WHOLE OR IN PART, AFTER THE TRANSFER REFERRED TO IN PARAGRAPH (1).

--(II) THE TRANSFEROR OR ANY MEMBER OF THE TRANSFEROR'S FAMILY, EITHER ALONE OR COLLECTIVELY, HAS THE RIGHT AFTER SUCH TRANSFER TO REMOVE, IN WHOLE OR IN PART, THE RESTRICTION.

(3) EXCEPTIONS. THE TERM "APPLICABLE RESTRICTION" SHALL NOT INCLUDE-

--(A) ANY COMMERCIALLY REASONABLE RESTRICTION WHICH ARISES AS PART OF ANY FINANCING BY THE CORPORATION OR PARTNERSHIP WITH A PERSON WHO IS NOT

1 RELATED TO THE TRANSFEROR OR TRANSFEREE, OR A MEMBER OF THE FAMILY OF
2 EITHER, OR
3 --(B) ANY RESTRICTION IMPOSED, OR REQUIRED TO BE IMPOSED, BY ANY FEDERAL
4 OR STATE LAW.

5 (4) OTHER RESTRICTIONS. THE SECRETARY MAY BY REGULATIONS PROVIDE THAT
6 OTHER RESTRICTIONS SHALL BE DISREGARDED IN DETERMINING THE VALUE OF THE
7 TRANSFER OF ANY INTEREST IN A CORPORATION OR PARTNERSHIP TO A MEMBER OF
8 THE TRANSFEROR'S FAMILY IF SUCH RESTRICTION HAS THE EFFECT OF REDUCING
9 THE VALUE OF THE TRANSFERRED INTEREST FOR PURPOSES OF THIS SUBTITLE BUT
10 DOES NOT ULTIMATELY REDUCE THE VALUE OF SUCH INTEREST TO THE TRANSFEREE.

11 (C) DEFINITIONS AND SPECIAL RULES. FOR PURPOSES OF THIS SECTION-

12 (1) CONTROL. THE TERM "CONTROL" HAS THE MEANING GIVEN SUCH TERM BY
13 SECTION 2701(B)(2).

14 (2) MEMBER OF THE FAMILY. THE TERM "MEMBER OF THE FAMILY" MEANS, WITH
15 RESPECT TO ANY INDIVIDUAL-

16 (A) SUCH INDIVIDUAL'S SPOUSE,

17 (B) ANY ANCESTOR OR LINEAL DESCENDANT OF SUCH INDIVIDUAL OR SUCH INDI-
18 VIDUAL'S SPOUSE,

19 (C) ANY BROTHER OR SISTER OF THE INDIVIDUAL, AND

20 (D) ANY SPOUSE OF ANY INDIVIDUAL DESCRIBED IN SUBPARAGRAPH (B) OR

21 (C).

22 (3) ATTRIBUTION. THE RULE OF SECTION 2701(E)(3) SHALL APPLY FOR
23 PURPOSES OF DETERMINING THE INTERESTS HELD BY ANY INDIVIDUAL.

24 S 7872. TREATMENT OF LOANS WITH BELOW-MARKET INTEREST RATES

25 (A) TREATMENT OF GIFT LOANS AND DEMAND LOANS. (1) IN GENERAL. FOR
26 PURPOSES OF THIS TITLE, IN THE CASE OF ANY BELOW-MARKET LOAN TO WHICH
27 THIS SECTION APPLIES AND WHICH IS A GIFT LOAN OR A DEMAND LOAN, THE
28 FORGONE INTEREST SHALL BE TREATED AS-

29 --(A) TRANSFERRED FROM THE LENDER TO THE BORROWER, AND

30 --(B) RETRANSFERRED BY THE BORROWER TO THE LENDER AS INTEREST.

31 (2) TIME WHEN TRANSFERS MADE. EXCEPT AS OTHERWISE PROVIDED IN REGU-
32 LATIONS PRESCRIBED BY THE SECRETARY, ANY FORGONE INTEREST ATTRIBUTABLE
33 TO PERIODS DURING ANY CALENDAR YEAR SHALL BE TREATED AS TRANSFERRED (AND
34 RETRANSFERRED) UNDER PARAGRAPH (1) ON THE LAST DAY OF SUCH CALENDAR
35 YEAR.

36 (B) TREATMENT OF OTHER BELOW-MARKET LOANS. (1) IN GENERAL. FOR
37 PURPOSES OF THIS TITLE, IN THE CASE OF ANY BELOW-MARKET LOAN TO WHICH
38 THIS SECTION APPLIES AND TO WHICH SUBSECTION (A)(1) DOES NOT APPLY, THE
39 LENDER SHALL BE TREATED AS HAVING TRANSFERRED ON THE DATE THE LOAN WAS
40 MADE (OR, IF LATER, ON THE FIRST DAY ON WHICH THIS SECTION APPLIES TO
41 SUCH LOAN), AND THE BORROWER SHALL BE TREATED AS HAVING RECEIVED ON SUCH
42 DATE, CASH IN AN AMOUNT EQUAL TO THE EXCESS OF-

43 --(A) THE AMOUNT LOANED, OVER

44 --(B) THE PRESENT VALUE OF ALL PAYMENTS WHICH ARE REQUIRED TO BE MADE
45 UNDER THE TERMS OF THE LOAN.

46 (2) OBLIGATION TREATED AS HAVING ORIGINAL ISSUE DISCOUNT. FOR PURPOSES
47 OF THIS TITLE-

48 (A) IN GENERAL. ANY BELOW-MARKET LOAN TO WHICH PARAGRAPH (1) APPLIES
49 SHALL BE TREATED AS HAVING ORIGINAL ISSUE DISCOUNT IN AN AMOUNT EQUAL TO
50 THE EXCESS DESCRIBED IN PARAGRAPH (1).

51 (B) AMOUNT IN ADDITION TO OTHER ORIGINAL ISSUE DISCOUNT. ANY ORIGINAL
52 ISSUE DISCOUNT WHICH A LOAN IS TREATED AS HAVING BY REASON OF SUBPARA-
53 GRAPH (A) SHALL BE IN ADDITION TO ANY OTHER ORIGINAL ISSUE DISCOUNT ON
54 SUCH LOAN (DETERMINED WITHOUT REGARD TO SUBPARAGRAPH (A)).

(C) BELOW-MARKET LOANS TO WHICH SECTION APPLIES. (1) IN GENERAL. EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION AND SUBSECTION (G), THIS SECTION SHALL APPLY TO-

(A) GIFTS. ANY BELOW-MARKET LOAN WHICH IS A GIFT LOAN.

(B) COMPENSATION-RELATED LOANS. ANY BELOW-MARKET LOAN DIRECTLY OR INDIRECTLY BETWEEN-

--(I) AN EMPLOYER AND AN EMPLOYEE, OR

--(II) AN INDEPENDENT CONTRACTOR AND A PERSON FOR WHOM SUCH INDEPENDENT CONTRACTOR PROVIDES SERVICES.

(C) CORPORATION-SHAREHOLDER LOANS. ANY BELOW-MARKET LOAN DIRECTLY OR INDIRECTLY BETWEEN A CORPORATION AND ANY SHAREHOLDER OF SUCH CORPORATION.

(D) TAX AVOIDANCE LOANS. ANY BELOW-MARKET LOAN 1 OF THE PRINCIPAL PURPOSES OF THE INTEREST ARRANGEMENTS OF WHICH IS THE AVOIDANCE OF ANY FEDERAL TAX.

(E) OTHER BELOW-MARKET LOANS. TO THE EXTENT PROVIDED IN REGULATIONS, ANY BELOW-MARKET LOAN WHICH IS NOT DESCRIBED IN SUBPARAGRAPH (A), (B), (C), OR (F) IF THE INTEREST ARRANGEMENTS OF SUCH LOAN HAVE A SIGNIFICANT EFFECT ON ANY FEDERAL TAX LIABILITY OF THE LENDER OR THE BORROWER.

(F) LOANS TO QUALIFIED CONTINUING CARE FACILITIES. ANY LOAN TO ANY QUALIFIED CONTINUING CARE FACILITY PURSUANT TO A CONTINUING CARE CONTRACT.

(2) \$10,000 DE MINIMIS EXCEPTION FOR GIFT LOANS BETWEEN INDIVIDUALS.

(A) IN GENERAL. IN THE CASE OF ANY GIFT LOAN DIRECTLY BETWEEN INDIVIDUALS, THIS SECTION SHALL NOT APPLY TO ANY DAY ON WHICH THE AGGREGATE OUTSTANDING AMOUNT OF LOANS BETWEEN SUCH INDIVIDUALS DOES NOT EXCEED \$10,000.

(B) DE MINIMIS EXCEPTION NOT TO APPLY TO LOANS ATTRIBUTABLE TO ACQUISITION OF INCOME-PRODUCING ASSETS.

--SUBPARAGRAPH (A) SHALL NOT APPLY TO ANY GIFT LOAN DIRECTLY ATTRIBUTABLE TO THE PURCHASE OR CARRYING OF INCOME-PRODUCING ASSETS.

(C) CROSS REFERENCE. FOR LIMITATION ON AMOUNT TREATED AS INTEREST WHERE LOANS DO NOT EXCEED \$100,000, SEE SUBSECTION (D)(1).

(3) \$10,000 DE MINIMIS EXCEPTION FOR COMPENSATION-RELATED AND CORPORATION-SHAREHOLDER LOANS. (A) IN GENERAL. IN THE CASE OF ANY LOAN DESCRIBED IN SUBPARAGRAPH (B) OR (C) OF PARAGRAPH (1), THIS SECTION SHALL NOT APPLY TO ANY DAY ON WHICH THE AGGREGATE OUTSTANDING AMOUNT OF LOANS BETWEEN THE BORROWER AND LENDER DOES NOT EXCEED \$10,000.

(B) EXCEPTION NOT TO APPLY WHERE 1 OF PRINCIPAL PURPOSES IS TAX AVOIDANCE. SUBPARAGRAPH (A) SHALL NOT APPLY TO ANY LOAN THE INTEREST ARRANGEMENTS OF WHICH HAVE AS 1 OF THEIR PRINCIPAL PURPOSES THE AVOIDANCE OF ANY FEDERAL TAX.

(D) SPECIAL RULES FOR GIFT LOANS. (1) LIMITATION ON INTEREST ACCRUAL FOR PURPOSES OF INCOME TAXES WHERE LOANS DO NOT EXCEED \$100,000. (A) IN GENERAL. FOR PURPOSES OF SUBTITLE A, IN THE CASE OF A GIFT LOAN DIRECTLY BETWEEN INDIVIDUALS, THE AMOUNT TREATED AS RETRANSFERRED BY THE BORROWER TO THE LENDER AS OF THE CLOSE OF ANY YEAR SHALL NOT EXCEED THE BORROWER'S NET INVESTMENT INCOME FOR SUCH YEAR.

(B) LIMITATION NOT TO APPLY WHERE 1 OF PRINCIPAL PURPOSES IS TAX AVOIDANCE. SUBPARAGRAPH (A) SHALL NOT APPLY TO ANY LOAN THE INTEREST ARRANGEMENTS OF WHICH HAVE AS 1 OF THEIR PRINCIPAL PURPOSES THE AVOIDANCE OF ANY FEDERAL TAX.

(C) SPECIAL RULE WHERE MORE THAN 1 GIFT LOAN OUTSTANDING. FOR PURPOSES OF SUBPARAGRAPH (A), IN ANY CASE IN WHICH A BORROWER HAS OUTSTANDING MORE THAN 1 GIFT LOAN, THE NET INVESTMENT INCOME OF SUCH BORROWER SHALL BE ALLOCATED AMONG SUCH LOANS IN PROPORTION TO THE RESPECTIVE AMOUNTS

1 WHICH WOULD BE TREATED AS RETRANSFERRED BY THE BORROWER WITHOUT REGARD
2 TO THIS PARAGRAPH.

3 (D) LIMITATION NOT TO APPLY WHERE AGGREGATE AMOUNT OF LOANS EXCEED
4 \$100,000. THIS PARAGRAPH SHALL NOT APPLY TO ANY LOAN MADE BY A LENDER
5 TO A BORROWER FOR ANY DAY ON WHICH THE AGGREGATE OUTSTANDING AMOUNT OF
6 LOANS BETWEEN THE BORROWER AND LENDER EXCEEDS \$100,000.

7 (E) NET INVESTMENT INCOME. FOR PURPOSES OF THIS PARAGRAPH-

8 (I) IN GENERAL. THE TERM "NET INVESTMENT INCOME" HAS THE MEANING GIVEN
9 SUCH TERM BY SECTION 163(D)(4).

10 (II) DE MINIMIS RULE. IF THE NET INVESTMENT INCOME OF ANY BORROWER FOR
11 ANY YEAR DOES NOT EXCEED \$1,000, THE NET INVESTMENT INCOME OF SUCH
12 BORROWER FOR SUCH YEAR SHALL BE TREATED AS ZERO.

13 (III) ADDITIONAL AMOUNTS TREATED AS INTEREST. IN DETERMINING THE NET
14 INVESTMENT INCOME OF A PERSON FOR ANY YEAR, ANY AMOUNT WHICH WOULD BE
15 INCLUDED IN THE GROSS INCOME OF SUCH PERSON FOR SUCH YEAR BY REASON OF
16 SECTION 1272 IF SUCH SECTION APPLIED TO ALL DEFERRED PAYMENT OBLIGATIONS
17 SHALL BE TREATED AS INTEREST RECEIVED BY SUCH PERSON FOR SUCH YEAR.

18 (IV) DEFERRED PAYMENT OBLIGATIONS. THE TERM "DEFERRED PAYMENT OBLI-
19 GATION" INCLUDES ANY MARKET DISCOUNT BOND, SHORT-TERM OBLIGATION, UNITED
20 STATES SAVINGS BOND, ANNUITY, OR SIMILAR OBLIGATION.

21 (2) SPECIAL RULE FOR GIFT TAX. IN THE CASE OF ANY GIFT LOAN WHICH IS A
22 TERM LOAN, SUBSECTION (B)(1) (AND NOT SUBSECTION (A)) SHALL APPLY FOR
23 PURPOSES OF CHAPTER 12.

24 (E) DEFINITIONS OF BELOW-MARKET LOAN AND FORGONE INTEREST. FOR
25 PURPOSES OF THIS SECTION-

26 (1) BELOW-MARKET LOAN. THE TERM "BELOW-MARKET LOAN" MEANS ANY LOAN IF-
27 --(A) IN THE CASE OF A DEMAND LOAN, INTEREST IS PAYABLE ON THE LOAN AT A
28 RATE LESS THAN THE APPLICABLE FEDERAL RATE, OR

29 --(B) IN THE CASE OF A TERM LOAN, THE AMOUNT LOANED EXCEEDS THE PRESENT
30 VALUE OF ALL PAYMENTS DUE UNDER THE LOAN.

31 (2) FORGONE INTEREST. THE TERM "FORGONE INTEREST" MEANS, WITH RESPECT
32 TO ANY PERIOD DURING WHICH THE LOAN IS OUTSTANDING, THE EXCESS OF-

33 --(A) THE AMOUNT OF INTEREST WHICH WOULD HAVE BEEN PAYABLE ON THE LOAN
34 FOR THE PERIOD IF INTEREST ACCRUED ON THE LOAN AT THE APPLICABLE FEDERAL
35 RATE AND WERE PAYABLE ANNUALLY ON THE DAY REFERRED TO IN SUBSECTION

36 (A)(2), OVER

37 --(B) ANY INTEREST PAYABLE ON THE LOAN PROPERLY ALLOCABLE TO SUCH PERI-
38 OD.

39 (F) OTHER DEFINITIONS AND SPECIAL RULES. FOR PURPOSES OF THIS SECTION-

40 (1) PRESENT VALUE. THE PRESENT VALUE OF ANY PAYMENT SHALL BE DETER-
41 MINED IN THE MANNER PROVIDED BY REGULATIONS PRESCRIBED BY THE SECRETARY-

42 --(A) AS OF THE DATE OF THE LOAN, AND

43 --(B) BY USING A DISCOUNT RATE EQUAL TO THE APPLICABLE FEDERAL RATE.

44 (2) APPLICABLE FEDERAL RATE. (A) TERM LOANS. IN THE CASE OF ANY TERM
45 LOAN, THE APPLICABLE FEDERAL RATE SHALL BE THE APPLICABLE FEDERAL RATE
46 IN EFFECT UNDER SECTION 1274(D) (AS OF THE DAY ON WHICH THE LOAN WAS
47 MADE), COMPOUNDED SEMIANNUALLY.

48 (B) DEMAND LOANS. IN THE CASE OF A DEMAND LOAN, THE APPLICABLE FEDERAL
49 RATE SHALL BE THE FEDERAL SHORT-TERM RATE IN EFFECT UNDER SECTION
50 1274(D) FOR THE PERIOD FOR WHICH THE AMOUNT OF FORGONE INTEREST IS BEING
51 DETERMINED, COMPOUNDED SEMIANNUALLY.

52 (3) GIFT LOAN. THE TERM "GIFT LOAN" MEANS ANY BELOW-MARKET LOAN WHERE
53 THE FORGOING OF INTEREST IS IN THE NATURE OF A GIFT.

54 (4) AMOUNT LOANED. THE TERM "AMOUNT LOANED" MEANS THE AMOUNT RECEIVED
55 BY THE BORROWER.

(5) DEMAND LOAN. THE TERM "DEMAND LOAN" MEANS ANY LOAN WHICH IS PAYABLE IN FULL AT ANY TIME ON THE DEMAND OF THE LENDER. SUCH TERM ALSO INCLUDES (FOR PURPOSES OTHER THAN DETERMINING THE APPLICABLE FEDERAL RATE UNDER PARAGRAPH (2)) ANY LOAN IF THE BENEFITS OF THE INTEREST ARRANGEMENTS OF SUCH LOAN ARE NOT TRANSFERABLE AND ARE CONDITIONED ON THE FUTURE PERFORMANCE OF SUBSTANTIAL SERVICES BY AN INDIVIDUAL. TO THE EXTENT PROVIDED IN REGULATIONS, SUCH TERM ALSO INCLUDES ANY LOAN WITH AN INDEFINITE MATURITY.

(6) TERM LOAN. THE TERM "TERM LOAN" MEANS ANY LOAN WHICH IS NOT A DEMAND LOAN.

(7) HUSBAND AND WIFE TREATED AS 1 PERSON. A HUSBAND AND WIFE SHALL BE TREATED AS 1 PERSON.

(8) LOANS TO WHICH SECTION 483, 643(I), OR 1274 APPLIES. THIS SECTION SHALL NOT APPLY TO ANY LOAN TO WHICH SECTION 483, 643(I), OR 1274 APPLIES.

(9) NO WITHHOLDING. NO AMOUNT SHALL BE WITHHELD UNDER CHAPTER 24 WITH RESPECT TO--

--(A) ANY AMOUNT TREATED AS TRANSFERRED OR RETRANSFERRED UNDER SUBSECTION (A), AND

--(B) ANY AMOUNT TREATED AS RECEIVED UNDER SUBSECTION (B).

(10) SPECIAL RULE FOR TERM LOANS. IF THIS SECTION APPLIES TO ANY TERM LOAN ON ANY DAY, THIS SECTION SHALL CONTINUE TO APPLY TO SUCH LOAN NOTWITHSTANDING PARAGRAPHS (2) AND (3) OF SUBSECTION (C). IN THE CASE OF A GIFT LOAN, THE PRECEDING SENTENCE SHALL ONLY APPLY FOR PURPOSES OF CHAPTER 12.

(11) TIME FOR DETERMINING RATE APPLICABLE TO EMPLOYEE RELOCATION LOANS. (A) IN GENERAL. IN THE CASE OF ANY TERM LOAN MADE BY AN EMPLOYER TO AN EMPLOYEE THE PROCEEDS OF WHICH ARE USED BY THE EMPLOYEE TO PURCHASE A PRINCIPAL RESIDENCE (WITHIN THE MEANING OF SECTION 121), THE DETERMINATION OF THE APPLICABLE FEDERAL RATE SHALL BE MADE AS OF THE DATE THE WRITTEN CONTRACT TO PURCHASE SUCH RESIDENCE WAS ENTERED INTO.

(B) PARAGRAPH ONLY TO APPLY TO CASES TO WHICH SECTION 217 APPLIES. SUBPARAGRAPH (A) SHALL ONLY APPLY TO THE PURCHASE OF A PRINCIPAL RESIDENCE IN CONNECTION WITH THE COMMENCEMENT OF WORK BY AN EMPLOYEE OR A CHANGE IN THE PRINCIPAL PLACE OF WORK OF AN EMPLOYEE TO WHICH SECTION 217 APPLIES.

(G) EXCEPTION FOR CERTAIN LOANS TO QUALIFIED CONTINUING CARE FACILITIES. (1) IN GENERAL. THIS SECTION SHALL NOT APPLY FOR ANY CALENDAR YEAR TO ANY BELOW-MARKET LOAN MADE BY A LENDER TO A QUALIFIED CONTINUING CARE FACILITY PURSUANT TO A CONTINUING CARE CONTRACT IF THE LENDER (OR THE LENDER'S SPOUSE) ATTAINS AGE 65 BEFORE THE CLOSE OF SUCH YEAR.

(2) \$90,000 LIMIT. PARAGRAPH (1) SHALL APPLY ONLY TO THE EXTENT THAT THE AGGREGATE OUTSTANDING AMOUNT OF ANY LOAN TO WHICH SUCH PARAGRAPH APPLIES (DETERMINED WITHOUT REGARD TO THIS PARAGRAPH), WHEN ADDED TO THE AGGREGATE OUTSTANDING AMOUNT OF ALL OTHER PREVIOUS LOANS BETWEEN THE LENDER (OR THE LENDER'S SPOUSE) AND ANY QUALIFIED CONTINUING CARE FACILITY TO WHICH PARAGRAPH (1) APPLIES, DOES NOT EXCEED \$90,000.

(3) CONTINUING CARE CONTRACT. FOR PURPOSES OF THIS SECTION, THE TERM "CONTINUING CARE CONTRACT" MEANS A WRITTEN CONTRACT BETWEEN AN INDIVIDUAL AND A QUALIFIED CONTINUING CARE FACILITY UNDER WHICH--

--(A) THE INDIVIDUAL OR INDIVIDUAL'S SPOUSE MAY USE A QUALIFIED CONTINUING CARE FACILITY FOR THEIR LIFE OR LIVES,

--(B) THE INDIVIDUAL OR INDIVIDUAL'S SPOUSE--

--(I) WILL FIRST--

1 --(I) RESIDE IN A SEPARATE, INDEPENDENT LIVING UNIT WITH ADDITIONAL
2 FACILITIES OUTSIDE SUCH UNIT FOR THE PROVIDING OF MEALS AND OTHER
3 PERSONAL CARE, AND
4 --(II) NOT REQUIRE LONG-TERM NURSING CARE, AND
5 --(II) THEN WILL BE PROVIDED LONG-TERM AND SKILLED NURSING CARE AS THE
6 HEALTH OF SUCH INDIVIDUAL OR INDIVIDUAL'S SPOUSE REQUIRES, AND
7 --(C) NO ADDITIONAL SUBSTANTIAL PAYMENT IS REQUIRED IF SUCH INDIVIDUAL
8 OR INDIVIDUAL'S SPOUSE REQUIRES INCREASED PERSONAL CARE SERVICES OR
9 LONG-TERM AND SKILLED NURSING CARE.

10 (4) QUALIFIED CONTINUING CARE FACILITY. (A) IN GENERAL. FOR PURPOSES
11 OF THIS SECTION, THE TERM "QUALIFIED CONTINUING CARE FACILITY" MEANS 1
12 OR MORE FACILITIES--
13 --(I) WHICH ARE DESIGNED TO PROVIDE SERVICES UNDER CONTINUING CARE
14 CONTRACTS, AND
15 --(II) SUBSTANTIALLY ALL OF THE RESIDENTS OF WHICH ARE COVERED BY
16 CONTINUING CARE CONTRACTS.

17 (B) SUBSTANTIALLY ALL FACILITIES MUST BE OWNED OR OPERATED BY BORROW-
18 ER. A FACILITY SHALL NOT BE TREATED AS A QUALIFIED CONTINUING CARE
19 FACILITY UNLESS SUBSTANTIALLY ALL FACILITIES WHICH ARE USED TO PROVIDE
20 SERVICES WHICH ARE REQUIRED TO BE PROVIDED UNDER A CONTINUING CARE
21 CONTRACT ARE OWNED OR OPERATED BY THE BORROWER.

22 (C) NURSING HOMES EXCLUDED. THE TERM "QUALIFIED CONTINUING CARE FACIL-
23 ITY" SHALL NOT INCLUDE ANY FACILITY WHICH IS OF A TYPE WHICH IS TRADI-
24 TIONALLY CONSIDERED A NURSING HOME.

25 (5) ADJUSTMENT OF LIMIT FOR INFLATION. (A) IN GENERAL. IN THE CASE OF
26 ANY LOAN MADE DURING ANY CALENDAR YEAR AFTER 1986 TO WHICH PARAGRAPH (1)
27 APPLIES, THE DOLLAR AMOUNT IN PARAGRAPH (2) SHALL BE INCREASED BY THE
28 INFLATION ADJUSTMENT FOR SUCH CALENDAR YEAR. ANY INCREASE UNDER THE
29 PRECEDING SENTENCE SHALL BE ROUNDED TO THE NEAREST MULTIPLE OF \$100 (OR,
30 IF SUCH INCREASE IS A MULTIPLE OF \$50, SUCH INCREASE SHALL BE INCREASED
31 TO THE NEAREST MULTIPLE OF \$100).

32 (B) INFLATION ADJUSTMENT. FOR PURPOSES OF SUBPARAGRAPH (A), THE
33 INFLATION ADJUSTMENT FOR ANY CALENDAR YEAR IS THE PERCENTAGE (IF ANY) BY
34 WHICH--
35 --(I) THE CPI FOR THE PRECEDING CALENDAR YEAR EXCEEDS
36 --(II) THE CPI FOR CALENDAR YEAR 1985.

37 1. FOR PURPOSES OF THE PRECEDING SENTENCE, THE CPI FOR ANY CALENDAR
38 YEAR IS THE AVERAGE OF THE CONSUMER PRICE INDEX AS OF THE CLOSE OF THE
39 12-MONTH PERIOD ENDING ON SEPTEMBER 30 OF SUCH CALENDAR YEAR.

40 (6) SUSPENSION OF APPLICATION. PARAGRAPH (1) SHALL NOT APPLY FOR ANY
41 CALENDAR YEAR TO WHICH SUBSECTION (H) APPLIES.

42 (H) EXCEPTION FOR LOANS TO QUALIFIED CONTINUING CARE FACILITIES. (1)
43 IN GENERAL. THIS SECTION SHALL NOT APPLY FOR ANY CALENDAR YEAR TO ANY
44 BELOW-MARKET LOAN OWED BY A FACILITY WHICH ON THE LAST DAY OF SUCH YEAR
45 IS A QUALIFIED CONTINUING CARE FACILITY, IF SUCH LOAN WAS MADE PURSUANT
46 TO A CONTINUING CARE CONTRACT AND IF THE LENDER (OR THE LENDER'S SPOUSE)
47 ATTAINS AGE 62 BEFORE THE CLOSE OF SUCH YEAR.

48 (2) CONTINUING CARE CONTRACT. FOR PURPOSES OF THIS SECTION, THE TERM
49 "CONTINUING CARE CONTRACT" MEANS A WRITTEN CONTRACT BETWEEN AN INDIVID-
50 UAL AND A QUALIFIED CONTINUING CARE FACILITY UNDER WHICH--
51 --(A) THE INDIVIDUAL OR INDIVIDUAL'S SPOUSE MAY USE A QUALIFIED CONTINU-
52 ING CARE FACILITY FOR THEIR LIFE OR LIVES,
53 --(B) THE INDIVIDUAL OR INDIVIDUAL'S SPOUSE WILL BE PROVIDED WITH HOUS-
54 ING, AS APPROPRIATE FOR THE HEALTH OF SUCH INDIVIDUAL OR INDIVIDUAL'S
55 SPOUSE--

1 --(I) IN AN INDEPENDENT LIVING UNIT (WHICH HAS ADDITIONAL AVAILABLE
2 FACILITIES OUTSIDE SUCH UNIT FOR THE PROVISION OF MEALS AND OTHER
3 PERSONAL CARE), AND
4 --(II) IN AN ASSISTED LIVING FACILITY OR A NURSING FACILITY, AS IS
5 AVAILABLE IN THE CONTINUING CARE FACILITY, AND
6 --(C) THE INDIVIDUAL OR INDIVIDUAL'S SPOUSE WILL BE PROVIDED ASSISTED
7 LIVING OR NURSING CARE AS THE HEALTH OF SUCH INDIVIDUAL OR INDIVIDUAL'S
8 SPOUSE REQUIRES, AND AS IS AVAILABLE IN THE CONTINUING CARE FACILITY.
9 --THE SECRETARY SHALL ISSUE GUIDANCE WHICH LIMITS SUCH TERM TO CONTRACTS
10 WHICH PROVIDE ONLY FACILITIES, CARE, AND SERVICES DESCRIBED IN THIS
11 PARAGRAPH.

12 (3) QUALIFIED CONTINUING CARE FACILITY. (A) IN GENERAL. FOR PURPOSES
13 OF THIS SECTION, THE TERM "QUALIFIED CONTINUING CARE FACILITY" MEANS 1
14 OR MORE FACILITIES--

15 --(I) WHICH ARE DESIGNED TO PROVIDE SERVICES UNDER CONTINUING CARE
16 CONTRACTS,

17 --(II) WHICH INCLUDE AN INDEPENDENT LIVING UNIT, PLUS AN ASSISTED LIVING
18 OR NURSING FACILITY, OR BOTH, AND

19 --(III) SUBSTANTIALLY ALL OF THE INDEPENDENT LIVING UNIT RESIDENTS OF
20 WHICH ARE COVERED BY CONTINUING CARE CONTRACTS.

21 (B) NURSING HOMES EXCLUDED. THE TERM "QUALIFIED CONTINUING CARE FACIL-
22 ITY" SHALL NOT INCLUDE ANY FACILITY WHICH IS OF A TYPE WHICH IS TRADI-
23 TIONALLY CONSIDERED A NURSING HOME.

24 (I) REGULATIONS. (1) IN GENERAL. THE SECRETARY SHALL PRESCRIBE SUCH
25 REGULATIONS AS MAY BE NECESSARY OR APPROPRIATE TO CARRY OUT THE PURPOSES
26 OF THIS SECTION, INCLUDING--

27 --(A) REGULATIONS PROVIDING THAT WHERE, BY REASON OF VARYING RATES OF
28 INTEREST, CONDITIONAL INTEREST PAYMENTS, WAIVERS OF INTEREST, DISPOSI-
29 TION OF THE LENDER'S OR BORROWER'S INTEREST IN THE LOAN, OR OTHER
30 CIRCUMSTANCES, THE PROVISIONS OF THIS SECTION DO NOT CARRY OUT THE
31 PURPOSES OF THIS SECTION, ADJUSTMENTS TO THE PROVISIONS OF THIS SECTION
32 WILL BE MADE TO THE EXTENT NECESSARY TO CARRY OUT THE PURPOSES OF THIS
33 SECTION,

34 --(B) REGULATIONS FOR THE PURPOSE OF ASSURING THAT THE POSITIONS OF THE
35 BORROWER AND LENDER ARE CONSISTENT AS TO THE APPLICATION (OR NONAPPLICA-
36 TION) OF THIS SECTION, AND

37 --(C) REGULATIONS EXEMPTING FROM THE APPLICATION OF THIS SECTION ANY
38 CLASS OF TRANSACTIONS THE INTEREST ARRANGEMENTS OF WHICH HAVE NO SIGNIF-
39 ICANT EFFECT ON ANY FEDERAL TAX LIABILITY OF THE LENDER OR THE BORROWER.

40 (2) ESTATE TAX COORDINATION. UNDER REGULATIONS PRESCRIBED BY THE
41 SECRETARY, ANY LOAN WHICH IS MADE WITH DONATIVE INTENT AND WHICH IS A
42 TERM LOAN SHALL BE TAKEN INTO ACCOUNT FOR PURPOSES OF CHAPTER 11 IN A
43 MANNER CONSISTENT WITH THE PROVISIONS OF SUBSECTION (B).

44 S 6166. EXTENSION OF TIME FOR PAYMENT OF ESTATE TAX WHERE ESTATE
45 CONSISTS LARGELY OF INTEREST IN CLOSELY HELD BUSINESS. (A) 5-YEAR DEFER-
46 RAL; 10-YEAR INSTALLMENT PAYMENT.--

47 (1) IN GENERAL.--IF THE VALUE OF AN INTEREST IN A CLOSELY HELD BUSI-
48 NESS WHICH IS INCLUDED IN DETERMINING THE GROSS ESTATE OF A DECEDENT WHO
49 WAS (AT THE DATE OF HIS DEATH) A CITIZEN OR RESIDENT OF THE UNITED
50 STATES EXCEEDS 35 PERCENT OF THE ADJUSTED GROSS ESTATE, THE EXECUTOR MAY
51 ELECT TO PAY PART OR ALL OF THE TAX IMPOSED BY SECTION 2001 IN 2 OR MORE
52 (BUT NOT EXCEEDING 10) EQUAL INSTALLMENTS.

53 (2) LIMITATION.--THE MAXIMUM AMOUNT OF TAX WHICH MAY BE PAID IN
54 INSTALLMENTS UNDER THIS SUBSECTION SHALL BE AN AMOUNT WHICH BEARS THE
55 SAME RATIO TO THE TAX IMPOSED BY SECTION 2001 (REDUCED BY THE CREDITS
56 AGAINST SUCH TAX) AS--

1 (A) THE CLOSELY HELD BUSINESS AMOUNT, BEARS TO

2 (B) THE AMOUNT OF THE ADJUSTED GROSS ESTATE.

3 (3) DATE FOR PAYMENT OF INSTALLMENTS.--IF AN ELECTION IS MADE UNDER
4 PARAGRAPH (1), THE FIRST INSTALLMENT SHALL BE PAID ON OR BEFORE THE DATE
5 SELECTED BY THE EXECUTOR WHICH IS NOT MORE THAN 5 YEARS AFTER THE DATE
6 PRESCRIBED BY SECTION 6151(A) FOR PAYMENT OF THE TAX, AND EACH SUCCEED-
7 ING INSTALLMENT SHALL BE PAID ON OR BEFORE THE DATE WHICH IS 1 YEAR
8 AFTER THE DATE PRESCRIBED BY THIS PARAGRAPH FOR PAYMENT OF THE PRECEDING
9 INSTALLMENT.

10 (B) DEFINITIONS AND SPECIAL RULES.--

11 (1) INTEREST IN CLOSELY HELD BUSINESS.--FOR PURPOSES OF THIS SECTION,
12 THE TERM "INTEREST IN A CLOSELY HELD BUSINESS" MEANS--

13 (A) AN INTEREST AS A PROPRIETOR IN A TRADE OR BUSINESS CARRIED ON AS A
14 PROPRIETORSHIP;

15 (B) AN INTEREST AS A PARTNER IN A PARTNERSHIP CARRYING ON A TRADE OR
16 BUSINESS, IF--

17 (I) 20 PERCENT OR MORE OF THE TOTAL CAPITAL INTEREST IN SUCH PARTNER-
18 SHIP IS INCLUDED IN DETERMINING THE GROSS ESTATE OF THE DECEDENT, OR

19 (II) SUCH PARTNERSHIP HAD 45 OR FEWER PARTNERS; OR

20 (C) STOCK IN A CORPORATION CARRYING ON A TRADE OR BUSINESS IF--

21 (I) 20 PERCENT OR MORE IN VALUE OF THE VOTING STOCK OF SUCH CORPO-
22 RATION IS INCLUDED IN DETERMINING THE GROSS ESTATE OF THE DECEDENT, OR

23 (II) SUCH CORPORATION HAD 45 OR FEWER SHAREHOLDERS.

24 (2) RULES FOR APPLYING PARAGRAPH (1).--FOR PURPOSES OF PARAGRAPH (1)--

25 (A) TIME FOR TESTING.--DETERMINATIONS SHALL BE MADE AS OF THE TIME
26 IMMEDIATELY BEFORE THE DECEDENT'S DEATH.

27 (B) CERTAIN INTERESTS HELD BY HUSBAND AND WIFE.--STOCK OR A PARTNER-
28 SHIP INTEREST WHICH--

29 (I) IS COMMUNITY PROPERTY OF A HUSBAND AND WIFE (OR THE INCOME FROM
30 WHICH IS COMMUNITY INCOME) UNDER THE APPLICABLE COMMUNITY PROPERTY LAW
31 OF A STATE, OR

32 (II) IS HELD BY A HUSBAND AND WIFE AS JOINT TENANTS, TENANTS BY THE
33 ENTIRETY, OR TENANTS IN COMMON, SHALL BE TREATED AS OWNED BY ONE SHARE-
34 HOLDER OR ONE PARTNER, AS THE CASE MAY BE.

35 (C) INDIRECT OWNERSHIP.--PROPERTY OWNED, DIRECTLY OR INDIRECTLY, BY OR
36 FOR A CORPORATION, PARTNERSHIP, ESTATE, OR TRUST SHALL BE CONSIDERED AS
37 BEING OWNED PROPORTIONATELY BY OR FOR ITS SHAREHOLDERS, PARTNERS, OR
38 BENEFICIARIES. FOR PURPOSES OF THE PRECEDING SENTENCE, A PERSON SHALL BE
39 TREATED AS A BENEFICIARY OF ANY TRUST ONLY IF SUCH PERSON HAS A PRESENT
40 INTEREST IN THE TRUST.

41 (D) CERTAIN INTERESTS HELD BY MEMBERS OF DECEDENT'S FAMILY.--ALL STOCK
42 AND ALL PARTNERSHIP INTERESTS HELD BY THE DECEDENT OR BY ANY MEMBER OF
43 HIS FAMILY (WITHIN THE MEANING OF SECTION 267(C)(4)) SHALL BE TREATED AS
44 OWNED BY THE DECEDENT.

45 (3) FARMHOUSES AND CERTAIN OTHER STRUCTURES TAKEN INTO ACCOUNT.--FOR
46 PURPOSES OF THE 35-PERCENT REQUIREMENT OF SUBSECTION (A)(1), AN INTEREST
47 IN A CLOSELY HELD BUSINESS WHICH IS THE BUSINESS OF FARMING INCLUDES AN
48 INTEREST IN RESIDENTIAL BUILDINGS AND RELATED IMPROVEMENTS ON THE FARM
49 WHICH ARE OCCUPIED ON A REGULAR BASIS BY THE OWNER OR LESSEE OF THE FARM
50 OR BY PERSONS EMPLOYED BY SUCH OWNER OR LESSEE FOR PURPOSES OF OPERATING
51 OR MAINTAINING THE FARM.

52 (4) VALUE.--FOR PURPOSES OF THIS SECTION, VALUE SHALL BE VALUE DETER-
53 MINED FOR PURPOSES OF CHAPTER 11 (RELATING TO ESTATE TAX).

54 (5) CLOSELY HELD BUSINESS AMOUNT.--FOR PURPOSES OF THIS SECTION, THE
55 TERM "CLOSELY HELD BUSINESS AMOUNT" MEANS THE VALUE OF THE INTEREST IN A
56 CLOSELY HELD BUSINESS WHICH QUALIFIES UNDER SUBSECTION (A)(1).

(6) ADJUSTED GROSS ESTATE.--FOR PURPOSES OF THIS SECTION, THE TERM, "ADJUSTED GROSS ESTATE" MEANS THE VALUE OF THE GROSS ESTATE REDUCED BY THE SUM OF THE AMOUNTS ALLOWABLE AS A DEDUCTION UNDER SECTION 2053 OR 2054. SUCH SUM SHALL BE DETERMINED ON THE BASIS OF THE FACTS AND CIRCUMSTANCES IN EXISTENCE ON THE DATE (INCLUDING EXTENSIONS) FOR FILING THE RETURN OF TAX IMPOSED BY SECTION 2001 (OR, IF EARLIER, THE DATE ON WHICH SUCH RETURN IS FILED).

(7) PARTNERSHIP INTERESTS AND STOCK WHICH IS NOT READILY TRADABLE.--

(A) IN GENERAL.--IF THE EXECUTOR ELECTS THE BENEFITS OF THIS PARAGRAPH (AT SUCH TIME AND IN SUCH MANNER AS THE SECRETARY SHALL BY REGULATIONS PRESCRIBE), THEN--

(I) FOR PURPOSES OF PARAGRAPH (1)(B)(I) OR (1)(C)(I) (WHICHEVER IS APPROPRIATE) AND FOR PURPOSES OF SUBSECTION (C), ANY CAPITAL INTEREST IN A PARTNERSHIP AND ANY NON-READILY-TRADABLE STOCK WHICH (AFTER THE APPLICATION OF PARAGRAPH (2)) IS TREATED AS OWNED BY THE DECEDENT SHALL BE TREATED AS INCLUDED IN DETERMINING THE VALUE OF THE DECEDENT'S GROSS ESTATE,

(II) THE EXECUTOR SHALL BE TREATED AS HAVING SELECTED UNDER SUBSECTION (A)(3) THE DATE PRESCRIBED BY SECTION 6151(A), AND

(III) FOR PURPOSES OF APPLYING SECTION 6601(J), THE 2-PERCENT PORTION (AS DEFINED IN SUCH SECTION) SHALL BE TREATED AS BEING ZERO.

(B) NON-READILY-TRADABLE STOCK DEFINED.--FOR PURPOSES OF THIS PARAGRAPH, THE TERM "NON-READILY-TRADABLE STOCK" MEANS STOCK FOR WHICH, AT THE TIME OF THE DECEDENT'S DEATH, THERE WAS NO MARKET ON A STOCK EXCHANGE OR IN AN OVER-THE-COUNTER MARKET.

(8) STOCK IN HOLDING COMPANY TREATED AS BUSINESS COMPANY STOCK IN CERTAIN CASES.--

(A) IN GENERAL.--IF THE EXECUTOR ELECTS THE BENEFITS OF THIS PARAGRAPH, THEN--

(I) HOLDING COMPANY STOCK TREATED AS BUSINESS COMPANY STOCK.--FOR PURPOSES OF THIS SECTION, THE PORTION OF THE STOCK OF ANY HOLDING COMPANY WHICH REPRESENTS DIRECT OWNERSHIP (OR INDIRECT OWNERSHIP THROUGH 1 OR MORE OTHER HOLDING COMPANIES) BY SUCH COMPANY IN A BUSINESS COMPANY SHALL BE DEEMED TO BE STOCK IN SUCH BUSINESS COMPANY.

(II) 5-YEAR DEFERRAL FOR PRINCIPAL NOT TO APPLY.--THE EXECUTOR SHALL BE TREATED AS HAVING SELECTED UNDER SUBSECTION (A)(3) THE DATE PRESCRIBED BY SECTION 6151(A).

(III) 2-PERCENT INTEREST RATE NOT TO APPLY.--FOR PURPOSES OF APPLYING SECTION 6601(J), THE 2-PERCENT PORTION (AS DEFINED IN SUCH SECTION) SHALL BE TREATED AS BEING ZERO.

(B) ALL STOCK MUST BE NON-READILY-TRADABLE STOCK.--

(I) IN GENERAL.--NO STOCK SHALL BE TAKEN INTO ACCOUNT FOR PURPOSES OF APPLYING THIS PARAGRAPH UNLESS IT IS NON-READILY-TRADABLE STOCK

(WITHIN THE MEANING OF PARAGRAPH (7)(B)).

(II) SPECIAL APPLICATION WHERE ONLY HOLDING COMPANY STOCK IS NON-READILY-TRADABLE STOCK.--IF THE REQUIREMENTS OF CLAUSE (I) ARE NOT MET, BUT ALL OF THE STOCK OF EACH HOLDING COMPANY TAKEN INTO ACCOUNT IS NON-READILY-TRADABLE, THEN THIS PARAGRAPH SHALL APPLY, BUT SUBSECTION (A)(1) SHALL BE APPLIED BY SUBSTITUTING "5" FOR "10".

(C) APPLICATION OF VOTING STOCK REQUIREMENT OF PARAGRAPH (1)(C)(I).--FOR PURPOSES OF CLAUSE (I) OF PARAGRAPH (1)(C), THE DEEMED STOCK RESULTING FROM THE APPLICATION OF SUBPARAGRAPH (A) SHALL BE TREATED AS VOTING STOCK TO THE EXTENT THAT VOTING STOCK IN THE HOLDING COMPANY OWNS DIRECTLY (OR THROUGH THE VOTING STOCK OF 1 OR MORE OTHER HOLDING COMPANIES) VOTING STOCK IN THE BUSINESS COMPANY.

(D) DEFINITIONS.--FOR PURPOSES OF THIS PARAGRAPH--

1 (I) HOLDING COMPANY.--THE TERM "HOLDING COMPANY" MEANS ANY CORPORATION
2 HOLDING STOCK IN ANOTHER CORPORATION.

3 (II) BUSINESS COMPANY.--THE TERM "BUSINESS COMPANY" MEANS ANY CORPO-
4 RATION CARRYING ON A TRADE OR BUSINESS.

5 (9) DEFERRAL NOT AVAILABLE FOR PASSIVE ASSETS.--

6 (A) IN GENERAL.--FOR PURPOSES OF SUBSECTION (A)(1) AND DETERMINING THE
7 CLOSELY HELD BUSINESS AMOUNT (BUT NOT FOR PURPOSES OF SUBSECTION (G)),
8 THE VALUE OF ANY INTEREST IN A CLOSELY HELD BUSINESS SHALL NOT INCLUDE
9 THE VALUE OF THAT PORTION OF SUCH INTEREST WHICH IS ATTRIBUTABLE TO
10 PASSIVE ASSETS HELD BY THE BUSINESS.

11 (B) PASSIVE ASSET DEFINED.--FOR PURPOSES OF THIS PARAGRAPH--

12 (I) IN GENERAL.--THE TERM "PASSIVE ASSET" MEANS ANY ASSET OTHER THAN
13 AN ASSET USED IN CARRYING ON A TRADE OR BUSINESS.

14 (II) STOCK TREATED AS PASSIVE ASSET.--THE TERM "PASSIVE ASSET"
15 INCLUDES ANY STOCK IN ANOTHER CORPORATION UNLESS--

16 (I) SUCH STOCK IS TREATED AS HELD BY THE DECEDENT BY REASON OF AN
17 ELECTION UNDER PARAGRAPH (8), AND

18 (II) SUCH STOCK QUALIFIED UNDER SUBSECTION (A)(1).

19 (III) EXCEPTION FOR ACTIVE CORPORATIONS.--IF--

20 (I) A CORPORATION OWNS 20 PERCENT OR MORE IN VALUE OF THE VOTING STOCK
21 OF ANOTHER CORPORATION, OR SUCH OTHER CORPORATION HAS 45 OR FEWER SHARE-
22 HOLDERS, AND

23 (II) 80 PERCENT OR MORE OF THE VALUE OF THE ASSETS OF EACH SUCH CORPO-
24 RATION IS ATTRIBUTABLE TO ASSETS USED IN CARRYING ON A TRADE OR BUSI-
25 NESS, THEN SUCH CORPORATIONS SHALL BE TREATED AS 1 CORPORATION FOR
26 PURPOSES OF CLAUSE (II). FOR PURPOSES OF APPLYING SUBCLAUSE (II) TO THE
27 CORPORATION HOLDING THE STOCK OF THE OTHER CORPORATION, SUCH STOCK SHALL
28 NOT BE TAKEN INTO ACCOUNT.

29 (10) STOCK IN QUALIFYING LENDING AND FINANCE BUSINESS TREATED AS STOCK
30 IN AN ACTIVE TRADE OR BUSINESS COMPANY.--

31 (A) IN GENERAL.--IF THE EXECUTOR ELECTS THE BENEFITS OF THIS PARA-
32 GRAPH, THEN--

33 (I) STOCK IN QUALIFYING LENDING AND FINANCE BUSINESS TREATED AS STOCK
34 IN AN ACTIVE TRADE OR BUSINESS COMPANY.--FOR PURPOSES OF THIS SECTION,
35 ANY ASSET USED IN A QUALIFYING LENDING AND FINANCE BUSINESS SHALL BE
36 TREATED AS AN ASSET WHICH IS USED IN CARRYING ON A TRADE OR BUSINESS.

37 (II) 5-YEAR DEFERRAL FOR PRINCIPAL NOT TO APPLY.--THE EXECUTOR SHALL
38 BE TREATED AS HAVING SELECTED UNDER SUBSECTION (A)(3) THE DATE
39 PRESCRIBED BY SECTION 6151(A).

40 (III) 5 EQUAL INSTALLMENTS ALLOWED.--FOR PURPOSES OF APPLYING
41 SUBSECTION

42 (A)(1), "5" SHALL BE SUBSTITUTED FOR "10".

43 (B) DEFINITIONS.--FOR PURPOSES OF THIS PARAGRAPH--

44 (I) QUALIFYING LENDING AND FINANCE BUSINESS.--THE TERM "QUALIFYING
45 LENDING AND FINANCE BUSINESS" MEANS A LENDING AND FINANCE BUSINESS, IF--

46 (I) BASED ON ALL THE FACTS AND CIRCUMSTANCES IMMEDIATELY BEFORE THE
47 DATE OF THE DECEDENT'S DEATH, THERE WAS SUBSTANTIAL ACTIVITY WITH
48 RESPECT TO THE LENDING AND FINANCE BUSINESS, OR

49 (II) DURING AT LEAST 3 OF THE 5 TAXABLE YEARS ENDING BEFORE THE DATE
50 OF THE DECEDENT'S DEATH, SUCH BUSINESS HAD AT LEAST 1 FULL-TIME EMPLOYEE
51 SUBSTANTIALLY ALL OF WHOSE SERVICES WERE THE ACTIVE MANAGEMENT OF SUCH
52 BUSINESS, 10 FULL-TIME, NONOWNER EMPLOYEES SUBSTANTIALLY ALL OF WHOSE
53 SERVICES WERE DIRECTLY RELATED TO SUCH BUSINESS, AND \$5,000,000 IN GROSS
54 RECEIPTS FROM ACTIVITIES DESCRIBED IN CLAUSE (II).

55 (II) LENDING AND FINANCE BUSINESS.--THE TERM "LENDING AND FINANCE
56 BUSINESS" MEANS A TRADE OR BUSINESS OF--

1 (I) MAKING LOANS,
2 (II) PURCHASING OR DISCOUNTING ACCOUNTS RECEIVABLE, NOTES, OR INSTALL-
3 MENT OBLIGATIONS,
4 (III) ENGAGING IN RENTAL AND LEASING OF REAL AND TANGIBLE PERSONAL
5 PROPERTY, INCLUDING ENTERING INTO LEASES AND PURCHASING, SERVICING, AND
6 DISPOSING OF LEASES AND LEASED ASSETS,
7 (IV) RENDERING SERVICES OR MAKING FACILITIES AVAILABLE IN THE ORDINARY
8 COURSE OF A LENDING OR FINANCE BUSINESS, AND
9 (V) RENDERING SERVICES OR MAKING FACILITIES AVAILABLE IN CONNECTION
10 WITH ACTIVITIES DESCRIBED IN SUBCLAUSES (I) THROUGH (IV) CARRIED ON BY
11 THE CORPORATION RENDERING SERVICES OR MAKING FACILITIES AVAILABLE, OR
12 ANOTHER CORPORATION WHICH IS A MEMBER OF THE SAME AFFILIATED GROUP (AS
13 DEFINED IN SECTION 1504 WITHOUT REGARD TO SECTION 1504(B)(3)).
14 (III) LIMITATION.--THE TERM "QUALIFYING LENDING AND FINANCE BUSINESS"
15 SHALL NOT INCLUDE ANY INTEREST IN AN ENTITY, IF THE STOCK OR DEBT OF
16 SUCH ENTITY OR A CONTROLLED GROUP (AS DEFINED IN SECTION 267(F)(1)) OF
17 WHICH SUCH ENTITY WAS A MEMBER WAS READILY TRADABLE ON AN ESTABLISHED
18 SECURITIES MARKET OR SECONDARY MARKET (AS DEFINED BY THE SECRETARY) AT
19 ANY TIME WITHIN 3 YEARS BEFORE THE DATE OF THE DECEDENT'S DEATH.
20 (C) SPECIAL RULE FOR INTEREST IN 2 OR MORE CLOSELY HELD BUSINESS-
21 ES.--FOR PURPOSES OF THIS SECTION, INTEREST IN 2 OR MORE CLOSELY HELD
22 BUSINESSES, WITH RESPECT TO EACH OF WHICH THERE IS INCLUDED IN DETERMIN-
23 ING THE VALUE OF THE DECEDENT'S GROSS ESTATE 20 PERCENT OR MORE OF THE
24 TOTAL VALUE OF EACH SUCH BUSINESS, SHALL BE TREATED AS AN INTEREST IN A
25 SINGLE CLOSELY HELD BUSINESS. FOR PURPOSES OF THE 20-PERCENT REQUIREMENT
26 OF THE PRECEDING SENTENCE, AN INTEREST IN A CLOSELY HELD BUSINESS WHICH
27 REPRESENTS THE SURVIVING SPOUSE'S INTEREST IN PROPERTY HELD BY THE DECE-
28 DENT AND THE SURVIVING SPOUSE AS COMMUNITY PROPERTY OR AS JOINT TENANTS,
29 TENANTS BY THE ENTIRETY, OR TENANTS IN COMMON SHALL BE TREATED AS HAVING
30 BEEN INCLUDED IN DETERMINING THE VALUE OF THE DECEDENT'S GROSS ESTATE.
31 (D) ELECTION.--ANY ELECTION UNDER SUBSECTION (A) SHALL BE MADE NOT
32 LATER THAN THE TIME PRESCRIBED BY SECTION 6075(A) FOR FILING THE RETURN
33 OF TAX IMPOSED BY SECTION 2001 (INCLUDING EXTENSIONS THEREOF), AND SHALL
34 BE MADE IN SUCH MANNER AS THE SECRETARY SHALL BY REGULATIONS PRESCRIBE.
35 IF AN ELECTION UNDER SUBSECTION (A) IS MADE, THE PROVISIONS OF THIS
36 SUBTITLE SHALL APPLY AS THOUGH THE SECRETARY WERE EXTENDING THE TIME FOR
37 PAYMENT OF THE TAX.
38 (E) PRORATION OF DEFICIENCY TO INSTALLMENTS.--IF AN ELECTION IS MADE
39 UNDER SUBSECTION (A) TO PAY ANY PART OF THE TAX IMPOSED BY SECTION 2001
40 IN INSTALLMENTS AND A DEFICIENCY HAS BEEN ASSESSED, THE DEFICIENCY SHALL
41 (SUBJECT TO THE LIMITATION PROVIDED BY SUBSECTION (A)(2)) BE PRORATED TO
42 THE INSTALLMENTS PAYABLE UNDER SUBSECTION (A). THE PART OF THE DEFICIEN-
43 CY SO PRORATED TO ANY INSTALLMENT THE DATE FOR PAYMENT OF WHICH HAS NOT
44 ARRIVED SHALL BE COLLECTED AT THE SAME TIME AS, AND AS A PART OF, SUCH
45 INSTALLMENT. THE PART OF THE DEFICIENCY SO PRORATED TO ANY INSTALLMENT
46 THE DATE FOR PAYMENT OF WHICH HAS ARRIVED SHALL BE PAID UPON NOTICE AND
47 DEMAND FROM THE SECRETARY. THIS SUBSECTION SHALL NOT APPLY IF THE DEFICI-
48 ENCY IS DUE TO NEGLIGENCE, TO INTENTIONAL DISREGARD OF RULES AND REGU-
49 LATIONS, OR TO FRAUD WITH INTENT TO EVADE TAX.
50 (F) TIME FOR PAYMENT OF INTEREST.--IF THE TIME FOR PAYMENT OF ANY
51 AMOUNT OF TAX HAS BEEN EXTENDED UNDER THIS SECTION--
52 (1) INTEREST FOR FIRST 5 YEARS.--INTEREST PAYABLE UNDER SECTION 6601
53 OF ANY UNPAID PORTION OF SUCH AMOUNT ATTRIBUTABLE TO THE FIRST 5 YEARS
54 AFTER THE DATE PRESCRIBED BY SECTION 6151(A) FOR PAYMENT OF THE TAX
55 SHALL BE PAID ANNUALLY.

(2) INTEREST FOR PERIODS AFTER FIRST 5 YEARS.--INTEREST PAYABLE UNDER SECTION 6601 ON ANY UNPAID PORTION OF SUCH AMOUNT ATTRIBUTABLE TO ANY PERIOD AFTER THE 5-YEAR PERIOD REFERRED TO IN PARAGRAPH (1) SHALL BE PAID ANNUALLY AT THE SAME TIME AS, AND AS A PART OF, EACH INSTALLMENT PAYMENT OF THE TAX.

(3) INTEREST IN THE CASE OF CERTAIN DEFICIENCIES.--IN THE CASE OF A DEFICIENCY TO WHICH SUBSECTION (E) APPLIES WHICH IS ASSESSED AFTER THE CLOSE OF THE 5-YEAR PERIOD REFERRED TO IN PARAGRAPH (1), INTEREST ATTRIBUTABLE TO SUCH 5-YEAR PERIOD, AND INTEREST ASSIGNED UNDER PARAGRAPH (2) TO ANY INSTALLMENT THE DATE FOR PAYMENT OF WHICH HAS ARRIVED ON OR BEFORE THE DATE OF THE ASSESSMENT OF THE DEFICIENCY, SHALL BE PAID UPON NOTICE AND DEMAND FROM THE SECRETARY.

(4) SELECTION OF SHORTER PERIOD.--IF THE EXECUTOR HAS SELECTED A PERIOD SHORTER THAN 5 YEARS UNDER SUBSECTION (A)(3), SUCH SHORTER PERIOD SHALL BE SUBSTITUTED FOR 5 YEARS IN PARAGRAPHS (1), (2), AND (3) OF THIS SUBSECTION.

(G) ACCELERATION OF PAYMENT.--

(1) DISPOSITION OF INTEREST; WITHDRAWAL OF FUNDS FROM BUSINESS.--

(A) IF--

(I)(I) ANY PORTION OF AN INTEREST IN A CLOSELY HELD BUSINESS WHICH QUALIFIES UNDER SUBSECTION (A)(1) IS DISTRIBUTED, SOLD, EXCHANGED, OR OTHERWISE DISPOSED OF, OR

(II) MONEY AND OTHER PROPERTY ATTRIBUTABLE TO SUCH AN INTEREST IS WITHDRAWN FROM SUCH TRADE OR BUSINESS, AND

(II) THE AGGREGATE OF SUCH DISTRIBUTIONS, SALES, EXCHANGES, OR OTHER DISPOSITIONS AND WITHDRAWALS EQUALS OR EXCEEDS 50 PERCENT OF THE VALUE OF SUCH INTEREST, THEN THE EXTENSION OF TIME FOR PAYMENT OF TAX PROVIDED IN SUBSECTION (A) SHALL CEASE TO APPLY, AND THE UNPAID PORTION OF THE TAX PAYABLE IN INSTALLMENTS SHALL BE PAID UPON NOTICE AND DEMAND FROM THE SECRETARY.

(B) IN THE CASE OF A DISTRIBUTION IN REDEMPTION OF STOCK TO WHICH SECTION 303 (OR SO MUCH OF SECTION 304 AS RELATES TO SECTION 303) APPLIES--

(I) THE REDEMPTION OF SUCH STOCK, AND THE WITHDRAWAL OF MONEY AND OTHER PROPERTY DISTRIBUTED IN SUCH REDEMPTION, SHALL NOT BE TREATED AS A DISTRIBUTION OR WITHDRAWAL FOR PURPOSES OF SUBPARAGRAPH (A), AND

(II) FOR PURPOSES OF SUBPARAGRAPH (A), THE VALUE OF THE INTEREST IN THE CLOSELY HELD BUSINESS SHALL BE CONSIDERED TO BE SUCH VALUE REDUCED BY THE VALUE OF THE STOCK REDEEMED.

THIS SUBPARAGRAPH SHALL APPLY ONLY IF, ON OR BEFORE THE DATE PRESCRIBED BY SUBSECTION (A)(3) FOR THE PAYMENT OF THE FIRST INSTALLMENT WHICH BECOMES DUE AFTER THE DATE OF THE DISTRIBUTION (OR, IF EARLIER, ON OR BEFORE THE DAY WHICH IS 1 YEAR AFTER THE DATE OF THE DISTRIBUTION), THERE IS PAID AN AMOUNT OF THE TAX IMPOSED BY SECTION 2001 NOT LESS THAN THE AMOUNT OF MONEY AND OTHER PROPERTY DISTRIBUTED.

(C) SUBPARAGRAPH (A)(I) DOES NOT APPLY TO AN EXCHANGE OF STOCK PURSUANT TO A PLAN OF REORGANIZATION DESCRIBED IN SUBPARAGRAPH (D), (E), OR (F) OF SECTION 368(A)(1) NOR TO AN EXCHANGE TO WHICH SECTION 355 (OR SO MUCH OF SECTION 356 AS RELATES TO SECTION 355) APPLIES; BUT ANY STOCK RECEIVED IN SUCH AN EXCHANGE SHALL BE TREATED FOR PURPOSES OF SUBPARAGRAPH (A)(I) AS AN INTEREST QUALIFYING UNDER SUBSECTION (A)(1).

(D) SUBPARAGRAPH (A)(I) DOES NOT APPLY TO A TRANSFER OF PROPERTY OF THE DECEDENT TO A PERSON ENTITLED BY REASON OF THE DECEDENT'S DEATH TO RECEIVE SUCH PROPERTY UNDER THE DECEDENT'S WILL, THE APPLICABLE LAW OF DESCENT AND DISTRIBUTION, OR A TRUST CREATED BY THE DECEDENT. A SIMILAR RULE SHALL APPLY IN THE CASE OF A SERIES OF SUBSEQUENT TRANSFERS OF THE

1 PROPERTY BY REASON OF DEATH SO LONG AS EACH TRANSFER IS TO A MEMBER OF
2 THE FAMILY (WITHIN THE MEANING OF SECTION 267(C)(4)) OF THE TRANSFEROR
3 IN SUCH TRANSFER.

4 (E) CHANGES IN INTEREST IN HOLDING COMPANY.--IF ANY STOCK IN A HOLDING
5 COMPANY IS TREATED AS STOCK IN A BUSINESS COMPANY BY REASON OF
6 SUBSECTION (B)(8)(A)--

7 (I) ANY DISPOSITION OF ANY INTEREST IN SUCH STOCK IN SUCH HOLDING
8 COMPANY WHICH WAS INCLUDED IN DETERMINING THE GROSS ESTATE OF THE DECE-
9 DENT, OR

10 (II) ANY WITHDRAWAL OF ANY MONEY OR OTHER PROPERTY FROM SUCH HOLDING
11 COMPANY ATTRIBUTABLE TO ANY INTEREST INCLUDED IN DETERMINING THE GROSS
12 ESTATE OF THE DECEDENT,

13 SHALL BE TREATED FOR PURPOSES OF SUBPARAGRAPH (A) AS A DISPOSITION OF
14 (OR A WITHDRAWAL WITH RESPECT TO) THE STOCK QUALIFYING UNDER SUBSECTION
15 (A)(1).

16 (F) CHANGES IN INTEREST IN BUSINESS COMPANY.--IF ANY STOCK IN A HOLD-
17 ING COMPANY IS TREATED AS STOCK IN A BUSINESS COMPANY BY REASON OF
18 SUBSECTION (B)(8)(A)--

19 (I) ANY DISPOSITION OF ANY INTEREST IN SUCH STOCK IN THE BUSINESS
20 COMPANY BY SUCH HOLDING COMPANY, OR

21 (II) ANY WITHDRAWAL OF ANY MONEY OR OTHER PROPERTY FROM SUCH BUSINESS
22 COMPANY ATTRIBUTABLE TO SUCH STOCK BY SUCH HOLDING COMPANY OWNING SUCH
23 STOCK,

24 SHALL BE TREATED FOR PURPOSES OF SUBPARAGRAPH (A) AS A DISPOSITION OF
25 (OR A WITHDRAWAL WITH RESPECT TO) THE STOCK QUALIFYING UNDER SUBSECTION
26 (A)(1).

27 (2) UNDISTRIBUTED INCOME OF ESTATE.--

28 (A) IF AN ELECTION IS MADE UNDER THIS SECTION AND THE ESTATE HAS
29 UNDISTRIBUTED NET INCOME FOR ANY TAXABLE YEAR ENDING ON OR AFTER THE DUE
30 DATE FOR THE FIRST INSTALLMENT, THE EXECUTOR SHALL, ON OR BEFORE THE
31 DATE PRESCRIBED BY LAW FOR FILING THE INCOME TAX RETURN FOR SUCH TAXABLE
32 YEAR (INCLUDING EXTENSIONS THEREOF), PAY AN AMOUNT EQUAL TO SUCH UNDIS-
33 TRIBUTED NET INCOME IN LIQUIDATION OF THE UNPAID PORTION OF THE TAX
34 PAYABLE IN INSTALLMENTS.

35 (B) FOR PURPOSES OF SUBPARAGRAPH (A), THE UNDISTRIBUTED NET INCOME OF
36 THE ESTATE FOR ANY TAXABLE YEAR IS THE AMOUNT BY WHICH THE DISTRIBUTABLE
37 NET INCOME OF THE ESTATE FOR SUCH TAXABLE YEAR (AS DEFINED IN SECTION
38 643) EXCEEDS THE SUM OF--

39 (I) THE AMOUNTS FOR SUCH TAXABLE YEAR SPECIFIED IN PARAGRAPHS (1) AND
40 (2) OF SECTION 661(A) (RELATING TO DEDUCTIONS FOR DISTRIBUTIONS, ETC.);

41 (II) THE AMOUNT OF TAX IMPOSED FOR THE TAXABLE YEAR ON THE ESTATE
42 UNDER CHAPTER 1; AND

43 (III) THE AMOUNT OF THE TAX IMPOSED BY SECTION 2001 (INCLUDING INTER-
44 EST) PAID BY THE EXECUTOR DURING THE TAXABLE YEAR (OTHER THAN ANY AMOUNT
45 PAID PURSUANT TO THIS PARAGRAPH).

46 (C) FOR PURPOSES OF THIS PARAGRAPH, IF ANY STOCK IN A CORPORATION IS
47 TREATED AS STOCK IN ANOTHER CORPORATION BY REASON OF SUBSECTION
48 (B)(8)(A), ANY DIVIDENDS PAID BY SUCH OTHER CORPORATION TO THE CORPO-
49 RATION SHALL BE TREATED AS PAID TO THE ESTATE OF THE DECEDENT TO THE
50 EXTENT ATTRIBUTABLE TO THE STOCK QUALIFYING UNDER SUBSECTION (A)(1).

51 (3) FAILURE TO MAKE PAYMENT OF PRINCIPAL OR INTEREST.--

52 (A) IN GENERAL.--EXCEPT AS PROVIDED IN SUBPARAGRAPH (B), IF ANY
53 PAYMENT OF PRINCIPAL OR INTEREST UNDER THIS SECTION IS NOT PAID ON OR
54 BEFORE THE DATE FIXED FOR ITS PAYMENT BY THIS SECTION (INCLUDING ANY
55 EXTENSION OF TIME), THE UNPAID PORTION OF THE TAX PAYABLE IN INSTALL-
56 MENTS SHALL BE PAID UPON NOTICE AND DEMAND FROM THE SECRETARY.

(B) PAYMENT WITHIN 6 MONTHS.--IF ANY PAYMENT OF PRINCIPAL OR INTEREST UNDER THIS SECTION IS NOT PAID ON OR BEFORE THE DATE DETERMINED UNDER SUBPARAGRAPH (A) BUT IS PAID WITHIN 6 MONTHS OF SUCH DATE--

(I) THE PROVISIONS OF SUBPARAGRAPH (A) SHALL NOT APPLY WITH RESPECT TO SUCH PAYMENT,

(II) THE PROVISIONS OF SECTION 6601(J) SHALL NOT APPLY WITH RESPECT TO THE DETERMINATION OF INTEREST ON SUCH PAYMENT, AND

(III) THERE IS IMPOSED A PENALTY IN AN AMOUNT EQUAL TO THE PRODUCT OF--

(I) 5 PERCENT OF THE AMOUNT OF SUCH PAYMENT, MULTIPLIED BY

(II) THE NUMBER OF MONTHS (OR FRACTIONS THEREOF) AFTER SUCH DATE AND BEFORE PAYMENT IS MADE. THE PENALTY IMPOSED UNDER CLAUSE (III) SHALL BE TREATED IN THE SAME MANNER AS A PENALTY IMPOSED UNDER SUBCHAPTER B OF CHAPTER 68.

(H) ELECTION IN CASE OF CERTAIN DEFICIENCIES.--

(1) IN GENERAL.--IF--

(A) A DEFICIENCY IN THE TAX IMPOSED BY SECTION 2001 IS ASSESSED,

(B) THE ESTATE QUALIFIES UNDER SUBSECTION (A)(1), AND

(C) THE EXECUTOR HAS NOT MADE AN ELECTION UNDER SUBSECTION (A), THE EXECUTOR MAY ELECT TO PAY THE DEFICIENCY IN INSTALLMENTS. THIS SUBSECTION SHALL NOT APPLY IF THE DEFICIENCY IS DUE TO NEGLIGENCE, TO INTENTIONAL DISREGARD OF RULES AND REGULATIONS, OR TO FRAUD WITH INTENT TO EVADE TAX.

(2) TIME OF ELECTION.--AN ELECTION UNDER THIS SUBSECTION SHALL BE MADE NOT LATER THAN 60 DAYS AFTER ISSUANCE OF NOTICE AND DEMAND BY THE SECRETARY FOR THE PAYMENT OF THE DEFICIENCY, AND SHALL BE MADE IN SUCH MANNER AS THE SECRETARY SHALL BY REGULATIONS PRESCRIBE.

(3) EFFECT OF ELECTION ON PAYMENT.--IF AN ELECTION IS MADE UNDER THIS SUBSECTION, THE DEFICIENCY SHALL (SUBJECT TO THE LIMITATION PROVIDED BY SUBSECTION (A)(2)) BE PRORATED TO THE INSTALLMENTS WHICH WOULD HAVE BEEN DUE IF AN ELECTION HAD BEEN TIMELY MADE UNDER SUBSECTION (A) AT THE TIME THE ESTATE TAX RETURN WAS FILED. THE PART OF THE DEFICIENCY SO PRORATED TO ANY INSTALLMENT THE DATE FOR PAYMENT OF WHICH WOULD HAVE ARRIVED SHALL BE PAID AT THE TIME OF THE MAKING OF THE ELECTION UNDER THIS SUBSECTION. THE PORTION OF THE DEFICIENCY SO PRORATED TO INSTALLMENTS THE DATE FOR PAYMENT OF WHICH WOULD NOT HAVE SO ARRIVED SHALL BE PAID AT THE TIME SUCH INSTALLMENTS WOULD HAVE BEEN DUE IF SUCH AN ELECTION HAD BEEN MADE.

(I) SPECIAL RULE FOR CERTAIN DIRECT SKIPS.--TO THE EXTENT THAT AN INTEREST IN A CLOSELY HELD BUSINESS IS THE SUBJECT OF A DIRECT SKIP (WITHIN THE MEANING OF SECTION 2612(C)) OCCURRING AT THE SAME TIME AS AND AS A RESULT OF THE DECEDENT'S DEATH, THEN FOR PURPOSES OF THIS SECTION ANY TAX IMPOSED BY SECTION 2601 ON THE TRANSFER OF SUCH INTEREST SHALL BE TREATED AS IF IT WERE ADDITIONAL TAX IMPOSED BY SECTION 2001.

(J) REGULATIONS.--THE SECRETARY SHALL PRESCRIBE SUCH REGULATIONS AS MAY BE NECESSARY TO THE APPLICATION OF THIS SECTION.

(K) CROSS REFERENCES.--

(1) SECURITY.--FOR AUTHORITY OF THE SECRETARY TO REQUIRE SECURITY IN THE CASE OF AN EXTENSION UNDER THIS SECTION, SEE SECTION 6165.

(2) LIEN.--FOR SPECIAL LIEN (IN LIEU OF BOND) IN THE CASE OF AN EXTENSION UNDER THIS SECTION, SEE SECTION 6324A.

(3) PERIOD OF LIMITATION.--FOR EXTENSION OF THE PERIOD OF LIMITATION IN THE CASE OF AN EXTENSION UNDER THIS SECTION, SEE SECTION 6503(D).

(4) INTEREST.--FOR PROVISIONS RELATING TO INTEREST ON TAX PAYABLE IN INSTALLMENTS UNDER THIS SECTION, SEE SUBSECTION (J) OF SECTION 6601.

(5) TRANSFERS WITHIN 3 YEARS OF DEATH.--FOR SPECIAL RULE FOR QUALIFY-
ING AN ESTATE UNDER THIS SECTION WHERE PROPERTY HAS BEEN TRANSFERRED
WITHIN 3 YEARS OF DECEDENT'S DEATH, SEE SECTION 2035(C)(2).

S 11. This act shall take effect April 1, 2014 and shall apply to
estates of decedents dying on and after that date; provided, however,
that the amendments to subsection (c) of section 951 of the tax law made
by section one of this act shall not affect the repeal of such
subsection and shall be deemed repealed therewith.

PART Y

Intentionally Omitted

PART Z

Section 1. Clause (F) of subparagraph (ii) of paragraph 1 of subdivi-
sion b of section 1612 of the tax law, as amended by chapter 174 of the
laws of 2013, is amended to read as follows:

(F) notwithstanding clauses (A), (B), (C), (D) and (E) of this subpar-
agraph, when a vendor track, is located in Sullivan county and within
sixty miles from any gaming facility in a contiguous state such vendor
fee shall, for a period of [six] SEVEN years commencing April first, two
thousand eight, be at a rate of forty-one percent of the total revenue
wagered at the vendor track after payout for prizes pursuant to this
chapter, after which time such rate shall be as for all tracks in clause
(C) of this subparagraph.

S 2. This act shall take effect immediately and shall be deemed to
have been in full force and effect on and after April 1, 2014.

PART AA

Section 1. Paragraph (a) of subdivision 1 of section 1003 of the
racing, pari-mutuel wagering and breeding law, as amended by chapter 174
of the laws of 2013, is amended to read as follows:

(a) Any racing association or corporation or regional off-track
betting corporation, authorized to conduct pari-mutuel wagering under
this chapter, desiring to display the simulcast of horse races on which
pari-mutuel betting shall be permitted in the manner and subject to the
conditions provided for in this article may apply to the commission for
a license so to do. Applications for licenses shall be in such form as
may be prescribed by the commission and shall contain such information
or other material or evidence as the commission may require. No license
shall be issued by the commission authorizing the simulcast transmission
of thoroughbred races from a track located in Suffolk county. The fee
for such licenses shall be five hundred dollars per simulcast facility
and for account wagering licensees that do not operate either a simul-
cast facility that is open to the public within the state of New York or
a licensed racetrack within the state, twenty thousand dollars per year
payable by the licensee to the commission for deposit into the general
fund. Except as provided in this section, the commission shall not
approve any application to conduct simulcasting into individual or group
residences, homes or other areas for the purposes of or in connection
with pari-mutuel wagering. The [board] COMMISSION may approve simulcast-
ing into residences, homes or other areas to be conducted jointly by one
or more regional off-track betting corporations and one or more of the

1 following: a franchised corporation, thoroughbred racing corporation or
2 a harness racing corporation or association; provided (i) the simulcast-
3 ing consists only of those races on which pari-mutuel betting is author-
4 ized by this chapter at one or more simulcast facilities for each of the
5 contracting off-track betting corporations which shall include wagers
6 made in accordance with section one thousand fifteen, one thousand
7 sixteen and one thousand seventeen of this article; provided further
8 that the contract provisions or other simulcast arrangements for such
9 simulcast facility shall be no less favorable than those in effect on
10 January first, two thousand five; (ii) that each off-track betting
11 corporation having within its geographic boundaries such residences,
12 homes or other areas technically capable of receiving the simulcast
13 signal shall be a contracting party; (iii) the distribution of revenues
14 shall be subject to contractual agreement of the parties except that
15 statutory payments to non-contracting parties, if any, may not be
16 reduced; provided, however, that nothing herein to the contrary shall
17 prevent a track from televising its races on an irregular basis primari-
18 ly for promotional or marketing purposes as found by the [board] COMMIS-
19 SION. For purposes of this paragraph, the provisions of section one
20 thousand thirteen of this article shall not apply. Any agreement author-
21 izing an in-home simulcasting experiment commencing prior to May
22 fifteenth, nineteen hundred ninety-five, may, and all its terms, be
23 extended until June thirtieth, two thousand [fourteen] FIFTEEN;
24 provided, however, that any party to such agreement may elect to termi-
25 nate such agreement upon conveying written notice to all other parties
26 of such agreement at least forty-five days prior to the effective date
27 of the termination, via registered mail. Any party to an agreement
28 receiving such notice of an intent to terminate, may request the [board]
29 COMMISSION to mediate between the parties new terms and conditions in a
30 replacement agreement between the parties as will permit continuation of
31 an in-home experiment until June thirtieth, two thousand [fourteen]
32 FIFTEEN; and (iv) no in-home simulcasting in the thoroughbred special
33 betting district shall occur without the approval of the regional
34 thoroughbred track.

35 S 2. Subparagraph (iii) of paragraph d of subdivision 3 of section
36 1007 of the racing, pari-mutuel wagering and breeding law, as amended by
37 section 2 of part U of chapter 59 of the laws of 2013, is amended to
38 read as follows:

39 (iii) Of the sums retained by a receiving track located in Westchester
40 county on races received from a franchised corporation, for the period
41 commencing January first, two thousand eight and continuing through June
42 thirtieth, two thousand [fourteen] FIFTEEN, the amount used exclusively
43 for purses to be awarded at races conducted by such receiving track
44 shall be computed as follows: of the sums so retained, two and one-half
45 percent of the total pools. Such amount shall be increased or decreased
46 in the amount of fifty percent of the difference in total commissions
47 determined by comparing the total commissions available after July twen-
48 ty-first, nineteen hundred ninety-five to the total commissions that
49 would have been available to such track prior to July twenty-first,
50 nineteen hundred ninety-five.

51 S 3. The opening paragraph of subdivision 1 of section 1014 of the
52 racing, pari-mutuel wagering and breeding law, as amended by section 3
53 of part U of chapter 59 of the laws of 2013, is amended to read as
54 follows:

55 The provisions of this section shall govern the simulcasting of races
56 conducted at thoroughbred tracks located in another state or country on

1 any day during which a franchised corporation is conducting a race meet-
2 ing in Saratoga county at Saratoga thoroughbred racetrack until June
3 thirtieth, two thousand [fourteen] FIFTEEN and on any day regardless of
4 whether or not a franchised corporation is conducting a race meeting in
5 Saratoga county at Saratoga thoroughbred racetrack after June thirtieth,
6 two thousand [fourteen] FIFTEEN. On any day on which a franchised
7 corporation has not scheduled a racing program but a thoroughbred racing
8 corporation located within the state is conducting racing, every off-
9 track betting corporation branch office and every simulcasting facility
10 licensed in accordance with section one thousand seven (that have
11 entered into a written agreement with such facility's representative
12 horsemen's organization, as approved by the [board] COMMISSION), one
13 thousand eight, or one thousand nine of this article shall be authorized
14 to accept wagers and display the live simulcast signal from thoroughbred
15 tracks located in another state or foreign country subject to the
16 following provisions:

17 S 4. Subdivision 1 of section 1015 of the racing, pari-mutuel wagering
18 and breeding law, as amended by section 4 of part U of chapter 59 of the
19 laws of 2013, is amended to read as follows:

20 1. The provisions of this section shall govern the simulcasting of
21 races conducted at harness tracks located in another state or country
22 during the period July first, nineteen hundred ninety-four through June
23 thirtieth, two thousand [fourteen] FIFTEEN. This section shall super-
24 sede all inconsistent provisions of this chapter.

25 S 5. The opening paragraph of subdivision 1 of section 1016 of the
26 racing, pari-mutuel wagering and breeding law, as amended by section 5
27 of part U of chapter 59 of the laws of 2013, is amended to read as
28 follows:

29 The provisions of this section shall govern the simulcasting of races
30 conducted at thoroughbred tracks located in another state or country on
31 any day during which a franchised corporation is not conducting a race
32 meeting in Saratoga county at Saratoga thoroughbred racetrack until June
33 thirtieth, two thousand [fourteen] FIFTEEN. Every off-track betting
34 corporation branch office and every simulcasting facility licensed in
35 accordance with section one thousand seven that have entered into a
36 written agreement with such facility's representative horsemen's organ-
37 ization as approved by the [board] COMMISSION, one thousand eight or one
38 thousand nine of this article shall be authorized to accept wagers and
39 display the live full-card simulcast signal of thoroughbred tracks
40 (which may include quarter horse or mixed meetings provided that all
41 such wagering on such races shall be construed to be thoroughbred races)
42 located in another state or foreign country, subject to the following
43 provisions; provided, however, no such written agreement shall be
44 required of a franchised corporation licensed in accordance with section
45 one thousand seven of this article:

46 S 6. The opening paragraph of section 1018 of the racing, pari-mutuel
47 wagering and breeding law, as amended by section 6 of part U of chapter
48 59 of the laws of 2013, is amended to read as follows:

49 Notwithstanding any other provision of this chapter, for the period
50 July twenty-fifth, two thousand one through September eighth, two thou-
51 sand [thirteen] FOURTEEN, when a franchised corporation is conducting a
52 race meeting within the state at Saratoga Race Course, every off-track
53 betting corporation branch office and every simulcasting facility
54 licensed in accordance with section one thousand seven (that has entered
55 into a written agreement with such facility's representative horsemen's
56 organization as approved by the [board] COMMISSION), one thousand eight

1 or one thousand nine of this article shall be authorized to accept
2 wagers and display the live simulcast signal from thoroughbred tracks
3 located in another state, provided that such facility shall accept
4 wagers on races run at all in-state thoroughbred tracks which are
5 conducting racing programs subject to the following provisions;
6 provided, however, no such written agreement shall be required of a
7 franchised corporation licensed in accordance with section one thousand
8 seven of this article.

9 S 7. Section 32 of chapter 281 of the laws of 1994, amending the
10 racing, pari-mutuel wagering and breeding law and other laws relating
11 to simulcasting, as amended by section 7 of part U of chapter 59 of the
12 laws of 2013, is amended to read as follows:

13 S 32. This act shall take effect immediately and the pari-mutuel tax
14 reductions in section six of this act shall expire and be deemed
15 repealed on July 1, [2014] 2015; provided, however, that nothing
16 contained herein shall be deemed to affect the application, qualifica-
17 tion, expiration, or repeal of any provision of law amended by any
18 section of this act, and such provisions shall be applied or qualified
19 or shall expire or be deemed repealed in the same manner, to the same
20 extent and on the same date as the case may be as otherwise provided by
21 law; provided further, however, that sections twenty-three and twenty-
22 five of this act shall remain in full force and effect only until May 1,
23 1997 and at such time shall be deemed to be repealed.

24 S 8. Section 54 of chapter 346 of the laws of 1990, amending the
25 racing, pari-mutuel wagering and breeding law and other laws relating to
26 simulcasting and the imposition of certain taxes, as amended by section
27 8 of part U of chapter 59 of the laws of 2013, is amended to read as
28 follows:

29 S 54. This act shall take effect immediately; provided, however,
30 sections three through twelve of this act shall take effect on January
31 1, 1991, and section 1013 of the racing, pari-mutuel wagering and breed-
32 ing law, as added by section thirty-eight of this act, shall expire and
33 be deemed repealed on July 1, [2014] 2015; and section eighteen of this
34 act shall take effect on July 1, 2008 and sections fifty-one and fifty-
35 two of this act shall take effect as of the same date as chapter 772 of
36 the laws of 1989 took effect.

37 S 9. Paragraph (a) of subdivision 1 of section 238 of the racing,
38 pari-mutuel wagering and breeding law, as amended by section 9 of part U
39 of chapter 59 of the laws of 2013, is amended to read as follows:

40 (a) The franchised corporation authorized under this chapter to
41 conduct pari-mutuel betting at a race meeting or races run thereat shall
42 distribute all sums deposited in any pari-mutuel pool to the holders of
43 winning tickets therein, provided such tickets be presented for payment
44 before April first of the year following the year of their purchase,
45 less an amount which shall be established and retained by such fran-
46 chised corporation of between twelve to seventeen per centum of the
47 total deposits in pools resulting from on-track regular bets, and four-
48 teen to twenty-one per centum of the total deposits in pools resulting
49 from on-track multiple bets and fifteen to twenty-five per centum of the
50 total deposits in pools resulting from on-track exotic bets and fifteen
51 to thirty-six per centum of the total deposits in pools resulting from
52 on-track super exotic bets, plus the breaks. The retention rate to be
53 established is subject to the prior approval of the [racing and wagering
54 board] GAMING COMMISSION. Such rate may not be changed more than once
55 per calendar quarter to be effective on the first day of the calendar
56 quarter. "Exotic bets" and "multiple bets" shall have the meanings set

1 forth in section five hundred nineteen of this chapter. "Super exotic
2 bets" shall have the meaning set forth in section three hundred one of
3 this chapter. For purposes of this section, a "pick six bet" shall mean
4 a single bet or wager on the outcomes of six races. The breaks are here-
5 by defined as the odd cents over any multiple of five for payoffs great-
6 er than one dollar five cents but less than five dollars, over any
7 multiple of ten for payoffs greater than five dollars but less than
8 twenty-five dollars, over any multiple of twenty-five for payoffs great-
9 er than twenty-five dollars but less than two hundred fifty dollars, or
10 over any multiple of fifty for payoffs over two hundred fifty dollars.
11 Out of the amount so retained there shall be paid by such franchised
12 corporation to the commissioner of taxation and finance, as a reasonable
13 tax by the state for the privilege of conducting pari-mutuel betting on
14 the races run at the race meetings held by such franchised corporation,
15 the following percentages of the total pool for regular and multiple
16 bets five per centum of regular bets and four per centum of multiple
17 bets plus twenty per centum of the breaks; for exotic wagers seven and
18 one-half per centum plus twenty per centum of the breaks, and for super
19 exotic bets seven and one-half per centum plus fifty per centum of the
20 breaks. For the period June first, nineteen hundred ninety-five through
21 September ninth, nineteen hundred ninety-nine, such tax on regular
22 wagers shall be three per centum and such tax on multiple wagers shall
23 be two and one-half per centum, plus twenty per centum of the breaks.
24 For the period September tenth, nineteen hundred ninety-nine through
25 March thirty-first, two thousand one, such tax on all wagers shall be
26 two and six-tenths per centum and for the period April first, two thou-
27 sand one through December thirty-first, two thousand [fourteen] FIFTEEN,
28 such tax on all wagers shall be one and six-tenths per centum, plus, in
29 each such period, twenty per centum of the breaks. Payment to the New
30 York state thoroughbred breeding and development fund by such franchised
31 corporation shall be one-half of one per centum of total daily on-track
32 pari-mutuel pools resulting from regular, multiple and exotic bets and
33 three per centum of super exotic bets provided, however, that for the
34 period September tenth, nineteen hundred ninety-nine through March thir-
35 ty-first, two thousand one, such payment shall be six-tenths of one per
36 centum of regular, multiple and exotic pools and for the period April
37 first, two thousand one through December thirty-first, two thousand
38 [fourteen] FIFTEEN, such payment shall be seven-tenths of one per centum
39 of such pools.

40 S 10. This act shall take effect immediately.

41

PART BB

42 Section 1. Clause (G) of subparagraph (ii) of paragraph 1 of subdivi-
43 sion b of section 1612 of the tax law, as added by chapter 174 of the
44 laws of 2013, is amended to read as follows:

45 (G) Notwithstanding any provision to the contrary, EXCEPT SUBCLAUSE
46 ONE OF CLAUSE (J) OF THIS SUBPARAGRAPH, BUT ONLY WHERE SUCH ITEM
47 APPLIES, when a vendor track is located within regions one, two, or five
48 of development zone two as defined by section thirteen hundred ten of
49 the racing, pari-mutuel wagering and breeding law, such vendor track
50 shall receive an additional commission at a rate equal to the percentage
51 of revenue wagered at the vendor track after payout for prizes pursuant
52 to this chapter less ten percent retained by the commission for opera-
53 tion, administration, and procurement purposes and payment of the
54 vendor's fee, marketing allowance, and capital award paid pursuant to

1 this chapter and the effective tax rate paid on all gross gaming revenue
2 paid by a gaming facility within the same region pursuant to section
3 thirteen hundred fifty-one of the racing, pari-mutuel wagering and
4 breeding law. The additional commission shall be paid to the vendor
5 track within sixty days after the conclusion of the state fiscal year
6 based on the calculated percentage during the previous fiscal year.

7 S 2. Clause (H) of subparagraph (ii) of paragraph 1 of subdivision b
8 of section 1612 of the tax law, as separately amended by chapters 174
9 and 175 of the laws of 2013, is amended to read as follows:

10 (H) notwithstanding clauses (A), (B), (C), (D), (E), (F) [and], (G),
11 AND (J) of this subparagraph, the track operator of a vendor track shall
12 be eligible for a vendor's capital award of up to four percent of the
13 total revenue wagered at the vendor track after payout for prizes pursu-
14 ant to this chapter, which shall be used exclusively for capital project
15 investments to improve the facilities of the vendor track which promote
16 or encourage increased attendance at the video lottery gaming facility
17 including, but not limited to hotels, other lodging facilities, enter-
18 tainment facilities, retail facilities, dining facilities, events
19 arenas, parking garages and other improvements that enhance facility
20 amenities; provided that such capital investments shall be approved by
21 the division, in consultation with the state racing and wagering board,
22 and that such vendor track demonstrates that such capital expenditures
23 will increase patronage at such vendor track's facilities and increase
24 the amount of revenue generated to support state education programs. The
25 annual amount of such vendor's capital awards that a vendor track shall
26 be eligible to receive shall be limited to two million five hundred
27 thousand dollars, except for Aqueduct racetrack, for which there shall
28 be no vendor's capital awards. Except for tracks having less than one
29 thousand one hundred video gaming machines, and except for a vendor
30 track located west of State Route 14 from Sodus Point to the Pennsylv-
31 nia border within New York, each track operator shall be required to
32 co-invest an amount of capital expenditure equal to its cumulative
33 vendor's capital award. For all tracks, except for Aqueduct racetrack,
34 the amount of any vendor's capital award that is not used during any one
35 year period may be carried over into subsequent years ending before
36 April first, two thousand [fourteen] FIFTEEN. Any amount attributable
37 to a capital expenditure approved prior to April first, two thousand
38 [fourteen] FIFTEEN and completed before April first, two thousand
39 [sixteen] SEVENTEEN; or approved prior to April first, two thousand
40 [eighteen] NINETEEN and completed before April first, two thousand
41 [twenty] TWENTY-ONE for a vendor track located west of State Route 14
42 from Sodus Point to the Pennsylvania border within New York, shall be
43 eligible to receive the vendor's capital award. In the event that a
44 vendor track's capital expenditures, approved by the division prior to
45 April first, two thousand [fourteen] FIFTEEN and completed prior to
46 April first, two thousand [sixteen] SEVENTEEN, exceed the vendor track's
47 cumulative capital award during the five year period ending April first,
48 two thousand [fourteen] FIFTEEN, the vendor shall continue to receive
49 the capital award after April first, two thousand [fourteen] FIFTEEN
50 until such approved capital expenditures are paid to the vendor track
51 subject to any required co-investment. In no event shall any vendor
52 track that receives a vendor fee pursuant to clause (F) [or], (G), OR
53 (J) of this subparagraph be eligible for a vendor's capital award under
54 this section. Any operator of a vendor track which has received a
55 vendor's capital award, choosing to divest the capital improvement
56 toward which the award was applied, prior to the full depreciation of

1 the capital improvement in accordance with generally accepted accounting
2 principles, shall reimburse the state in amounts equal to the total of
3 any such awards. Any capital award not approved for a capital expendi-
4 ture at a video lottery gaming facility by April first, two thousand
5 [fourteen] FIFTEEN shall be deposited into the state lottery fund for
6 education aid; and

7 S 3. Subparagraph (iii) of paragraph 1 of subdivision b of section
8 1612 of the tax law, as separately amended by chapters 174 and 175 of
9 the laws of 2013, is amended to read as follows:

10 (iii) less an additional vendor's marketing allowance at a rate of ten
11 percent for the first one hundred million dollars annually and eight
12 percent thereafter of the total revenue wagered at the vendor track
13 after payout for prizes to be used by the vendor track for the marketing
14 and promotion and associated costs of its video lottery gaming oper-
15 ations and pari-mutuel horse racing operations, as long as any such
16 costs associated with pari-mutuel horse racing operations simultaneously
17 encourage increased attendance at such vendor's video lottery gaming
18 facilities, consistent with the customary manner of marketing comparable
19 operations in the industry and subject to the overall supervision of the
20 division; provided, however, that the additional vendor's marketing
21 allowance shall not exceed eight percent in any year for any operator of
22 a racetrack located in the county of Westchester or Queens; provided,
23 however, a vendor track that receives a vendor fee pursuant to clause
24 (G) OR (J) of subparagraph (ii) of this paragraph shall not receive the
25 additional vendor's marketing allowance; provided, however, except for a
26 vendor track located west of State Route 14 from Sodus Point to the
27 Pennsylvania border within New York shall continue to receive a market-
28 ing allowance of ten percent on total revenue wagered at the vendor
29 track after payout for prizes in excess of one hundred million dollars
30 annually provided, however, a vendor that receives a vendor fee pursuant
31 to clause (G-1) of subparagraph (ii) of this paragraph shall receive an
32 additional marketing allowance at a rate of ten percent of the total
33 revenue wagered at the video lottery gaming facility after payout for
34 prizes. In establishing the vendor fee,

35 S 4. Subparagraph (ii) of paragraph 1 of subdivision b of section 1612
36 of the tax law is amended by adding a new clause (J) to read as follows:

37 (J)(1) NOTWITHSTANDING CLAUSES (A), (B), (C), (D), (E), (F), AND (G)
38 OF THIS SUBPARAGRAPH, WHEN NO MORE THAN ONE VENDOR TRACK LOCATED IN THE
39 TOWN OF THOMPSON IN SULLIVAN COUNTY AT THE SITE OF THE FORMER CONCORD
40 RESORT AT WHICH QUALIFIED CAPITAL INVESTMENT HAS BEEN MADE AND NO FEWER
41 THAN ONE THOUSAND FULL-TIME, PERMANENT EMPLOYEES HAVE BEEN NEWLY HIRED,
42 IS LOCATED IN SULLIVAN COUNTY AND IS WITHIN SIXTY MILES FROM ANY GAMING
43 FACILITY IN A CONTIGUOUS STATE, THEN FOR A PERIOD OF FORTY YEARS THE
44 VENDOR'S FEE SHALL EQUAL THE TOTAL REVENUE WAGERED AT THE VENDOR TRACK
45 AFTER PAYOUT OF PRIZES PURSUANT TO THIS SUBDIVISION REDUCED BY THE
46 GREATER OF (I) TWENTY-FIVE PERCENT OF TOTAL REVENUE AFTER PAYOUT FOR
47 PRIZES FOR "VIDEO LOTTERY GAMES" OR (II) FOR THE FIRST EIGHT YEARS OF
48 OPERATION THIRTY-EIGHT MILLION DOLLARS, AND BEGINNING IN THE NINTH YEAR
49 OF OPERATION SUCH AMOUNT SHALL INCREASE ANNUALLY BY THE LESSER OF THE
50 INCREASE IN THE CONSUMER PRICE INDEX OR TWO PERCENT, PLUS SEVEN PERCENT
51 OF TOTAL REVENUE AFTER PAYOUT OF PRIZES. IN ADDITION, IN THE EVENT THE
52 VENDOR FEE IS CALCULATED PURSUANT TO ITEM (I) OF THIS SUBCLAUSE, THE
53 VENDOR'S FEE SHALL BE FURTHER REDUCED BY 11.11 PERCENT OF THE AMOUNT BY
54 WHICH TOTAL REVENUE AFTER PAYOUT FOR PRIZES EXCEEDS TWO HUNDRED FIFTEEN
55 MILLION DOLLARS, BUT IN NO EVENT SHALL SUCH REDUCTION EXCEED FIVE
56 MILLION DOLLARS.

1 PROVIDED, HOWEVER, THAT IN THE CASE OF NO MORE THAN ONE VENDOR TRACK
2 LOCATED IN THE TOWN OF THOMPSON IN SULLIVAN COUNTY AT THE SITE OF THE
3 FORMER CONCORD RESORT WITH A QUALIFIED CAPITAL INVESTMENT, AND ONE THOU-
4 SAND FULL-TIME, PERMANENT EMPLOYEES IF AT ANY TIME AFTER THREE YEARS OF
5 OPENING OPERATIONS OF THE LICENSED VIDEO GAMING FACILITY OR LICENSED
6 VENDOR TRACK, THE VENDOR TRACK EXPERIENCES AN EMPLOYMENT SHORTFALL, THEN
7 THE RECAPTURE AMOUNT SHALL APPLY, FOR ONLY SUCH PERIOD AS THE SHORTFALL
8 EXISTS.

9 FOR THE PURPOSES OF THIS SECTION "QUALIFIED CAPITAL INVESTMENT" SHALL
10 MEAN AN INVESTMENT OF A MINIMUM OF SIX HUNDRED MILLION DOLLARS AS
11 REFLECTED BY AUDITED FINANCIAL STATEMENTS OF WHICH NOT LESS THAN THREE
12 HUNDRED MILLION DOLLARS SHALL BE COMPRISED OF EQUITY AND/OR MEZZANINE
13 FINANCING AS AN INITIAL INVESTMENT IN A COUNTY WHERE TWELVE PERCENT OF
14 THE POPULATION IS BELOW THE FEDERAL POVERTY LEVEL AS MEASURED BY THE
15 MOST RECENT BUREAU OF CENSUS STATISTICS PRIOR TO THE QUALIFIED CAPITAL
16 INVESTMENT COMMENCING THAT RESULTS IN THE CONSTRUCTION, DEVELOPMENT OR
17 IMPROVEMENT OF AT LEAST ONE EIGHTEEN HOLE GOLF COURSE, AND THE
18 CONSTRUCTION AND ISSUANCE OF CERTIFICATES OF OCCUPANCY FOR HOTELS, LODG-
19 ING, SPAS, DINING, RETAIL AND ENTERTAINMENT VENUES, PARKING GARAGES AND
20 OTHER CAPITAL IMPROVEMENTS AT OR ADJACENT TO THE LICENSED VIDEO GAMING
21 FACILITY OR LICENSED VENDOR TRACK WHICH PROMOTE OR ENCOURAGE INCREASED
22 ATTENDANCE AT SUCH FACILITIES.

23 FOR THE PURPOSES OF THIS SECTION, "FULL-TIME, PERMANENT EMPLOYEE"
24 SHALL MEAN AN EMPLOYEE WHO HAS WORKED AT THE VIDEO GAMING FACILITY,
25 VENDOR TRACK OR RELATED AND ADJACENT FACILITIES FOR A MINIMUM OF THIR-
26 TY-FIVE HOURS PER WEEK FOR NOT LESS THAN FOUR CONSECUTIVE WEEKS AND WHO
27 IS ENTITLED TO RECEIVE THE USUAL AND CUSTOMARY FRINGE BENEFITS EXTENDED
28 TO OTHER EMPLOYEES WITH COMPARABLE RANK AND DUTIES; OR TWO PART-TIME
29 EMPLOYEES WHO HAVE WORKED AT THE VIDEO GAMING FACILITY, VENDOR TRACK OR
30 RELATED AND ADJACENT FACILITIES FOR A COMBINED MINIMUM OF THIRTY-FIVE
31 HOURS PER WEEK FOR NOT LESS THAN FOUR CONSECUTIVE WEEKS AND WHO ARE
32 ENTITLED TO RECEIVE THE USUAL AND CUSTOMARY FRINGE BENEFITS EXTENDED TO
33 OTHER EMPLOYEES WITH COMPARABLE RANK AND DUTIES.

34 FOR THE PURPOSE OF THIS SECTION "EMPLOYMENT GOAL" SHALL MEAN ONE THOU-
35 SAND FIVE HUNDRED FULL-TIME PERMANENT EMPLOYEES AFTER THREE YEARS OF
36 OPENING OPERATIONS OF THE LICENSED VIDEO GAMING FACILITY OR LICENSED
37 VENDOR TRACK.

38 FOR THE PURPOSE OF THIS SECTION "EMPLOYMENT SHORTFALL" SHALL MEAN A
39 LEVEL OF EMPLOYMENT THAT FALLS BELOW THE EMPLOYMENT GOAL, AS CERTIFIED
40 ANNUALLY BY VENDOR'S CERTIFIED ACCOUNTANTS AND THE CHAIRMAN OF THE
41 EMPIRE STATE DEVELOPMENT CORPORATION.

42 FOR THE PURPOSES OF THIS SECTION "RECAPTURE AMOUNT" SHALL MEAN THE
43 DIFFERENCE BETWEEN THE AMOUNT OF THE VENDOR'S FEE PAID TO A VENDOR TRACK
44 WITH A QUALIFIED CAPITAL INVESTMENT, AND THE VENDOR FEE OTHERWISE PAYA-
45 BLE TO A VENDOR TRACK PURSUANT TO CLAUSE (F) OF THIS SUBPARAGRAPH, THAT
46 IS REIMBURSABLE BY THE VENDOR TRACK TO THE DIVISION FOR PAYMENT INTO THE
47 STATE TREASURY, TO THE CREDIT OF THE STATE LOTTERY FUND CREATED BY
48 SECTION NINETY-TWO-C OF THE STATE FINANCE LAW, DUE TO AN EMPLOYMENT
49 SHORTFALL PURSUANT TO THE FOLLOWING SCHEDULE ONLY FOR THE PERIOD OF THE
50 EMPLOYMENT SHORTFALL:

51 (I) ONE HUNDRED PERCENT OF THE RECAPTURE AMOUNT IF THE EMPLOYMENT
52 SHORTFALL IS GREATER THAN SIXTY-SIX AND TWO-THIRDS PERCENT OF THE
53 EMPLOYMENT GOAL;

54 (II) SEVENTY-FIVE PERCENT OF THE RECAPTURE AMOUNT IF THE EMPLOYMENT
55 SHORTFALL IS GREATER THAN THIRTY-THREE AND ONE-THIRD PERCENT OF THE
56 EMPLOYMENT GOAL;

(III) FORTY-NINE AND ONE-HALF PERCENT OF THE RECAPTURE AMOUNT IF THE EMPLOYMENT SHORTFALL IS GREATER THAN THIRTY PERCENT OF THE EMPLOYMENT GOAL;

(IV) TWENTY-TWO PERCENT OF THE RECAPTURE AMOUNT IF THE EMPLOYMENT SHORTFALL IS GREATER THAN TWENTY PERCENT OF THE EMPLOYMENT GOAL;

(V) ELEVEN PERCENT OF THE RECAPTURE AMOUNT IF THE EMPLOYMENT SHORTFALL IS GREATER THAN TEN PERCENT OF THE EMPLOYMENT GOAL.

(2) SUBCLAUSE ONE OF THIS CLAUSE SHALL NOT APPLY UPON THE AWARD OF A GAMING FACILITY LICENSE PURSUANT TO TITLE TWO OF ARTICLE THIRTEEN OF THE RACING, PARI-MUTUEL WAGERING AND BREEDING LAW WHERE SUCH LICENSE WOULD BE USED TO ESTABLISH A GAMING FACILITY AT THE SITE OF THE FORMER CONCORD RESORT LOCATED IN THE TOWN OF THOMPSON IN SULLIVAN COUNTY.

S 5. The opening paragraph of paragraph 2 of subdivision b of section 1612 of the tax law, as amended by chapter 175 of the laws of 2013, is amended to read as follows:

As consideration for the operation of a video lottery gaming facility, the division, shall cause the investment in the racing industry of a portion of the vendor fee received pursuant to paragraph one of this subdivision in the manner set forth in this subdivision. With the exception of Aqueduct racetrack or a facility in the county of Nassau or Suffolk operated by a corporation established pursuant to section five hundred two of the racing, pari-mutuel wagering and breeding law, each such track shall dedicate a portion of its vendor fees, received pursuant to clause (A), (B), (C), (D), (E), (F), [or] (G), OR (J) of subparagraph (ii) of paragraph one of this subdivision, solely for the purpose of enhancing purses at such track, in an amount equal to eight and three-quarters percent of the total revenue wagered at the vendor track after pay out for prizes. One percent of such purse enhancement amount shall be paid to the gaming commission to be used exclusively to promote and ensure equine health and safety in New York. Any portion of such funding to the gaming commission unused during a fiscal year shall be returned to the video lottery gaming operators on a pro rata basis in accordance with the amounts originally contributed by each operator and shall be used for the purpose of enhancing purses at such track. In addition, with the exception of Aqueduct racetrack or a facility in the county of Nassau or Suffolk operated by a corporation established pursuant to section five hundred two of the racing, pari-mutuel wagering and breeding law, one and one-quarter percent of total revenue wagered at the vendor track after pay out for prizes, received pursuant to clause (A), (B), (C), (D), (E), (F), [or] (G), OR (J) of subparagraph (ii) of paragraph one of this subdivision, shall be distributed to the appropriate breeding fund for the manner of racing conducted by such track.

S 6. This act shall take effect immediately.

PART CC

Section 1. Article 12 of the tax law is REPEALED.

S 2. Subdivision fourth of section 171 of the tax law is REPEALED.

S 3. Subparagraph (iii) of paragraph (b) of subdivision 1 of section 173-a of the tax law is REPEALED.

S 4. Section 176 of the tax law, as amended by chapter 267 of the laws of 1987, is amended to read as follows:

S 176. Transfer of the powers and duties of the comptroller in relation to the assessment or collection of certain taxes. On and after July first, nineteen hundred twenty-one, all the powers and duties now conferred or imposed upon the state comptroller in relation to the taxa-

tion of corporations under articles nine and nine-A of this chapter, in relation to the taxation of transfers of property, under article ten of this chapter, [in relation to the taxation of transfers of stock, under article twelve of this chapter,] and in relation to taxation upon and with respect to personal income, under article sixteen of this chapter (as such article was in effect on December thirtieth, nineteen hundred sixty), shall be transferred to and thereafter shall be exercised and performed by the commissioner, except as powers and duties under any such article are expressly conferred upon or continued in the state comptroller by acts of the legislature of nineteen hundred twenty-one, enacted subsequent to chapter ninety of the laws of nineteen hundred twenty-one.

S 5. Subparagraph 5 of paragraph (a) and subparagraph 4-a of paragraph (b) of subdivision 9 of section 208 of the tax law, subparagraph 5 of paragraph (a) as amended by chapter 61 of the laws of 1989, clause (i) of subparagraph 5 as amended by section 2 of part C of chapter 25 of the laws of 2009, and subparagraph 4-a of paragraph (b) of subdivision 9 of section 208 of the tax law, as amended by chapter 760 of the laws of 1992, are amended to read as follows:

(5) (i) any refund or credit of a tax imposed under this article, article twenty-three, or article thirty-two of this chapter, for which tax no exclusion or deduction was allowed in determining the taxpayer's entire net income under this article, article twenty-three, or article thirty-two of this chapter for any prior year, OR (ii) [a refund or credit of general corporation tax allowed by subdivision eleven of section 11-604 of the administrative code of the city of New York, or (iii)] any refund or credit of a tax imposed under sections one hundred eighty-three, one hundred eighty-three-a, one hundred eighty-four or one hundred eighty-four-a of this chapter, and

(4-a)(A) [the entire amount allowable as an exclusion or deduction for stock transfer taxes imposed by article twelve of this chapter in determining the entire taxable income which the taxpayer is required to report to the United States treasury department but only to the extent that such taxes are incurred and paid in market making transactions, (B)] in those instances where a credit for the special additional mortgage recording tax credit is allowed under paragraph (a) of subdivision seventeen of section two hundred ten of this article, the amount allowed as an exclusion or deduction for the special additional mortgage recording tax imposed by subdivision one-a of section two hundred fifty-three of this chapter in determining the entire taxable income which the taxpayer is required to report to the United States treasury department, and [(C)] (B) unless the credit allowed pursuant to subdivision seventeen of section two hundred ten of this article is reflected in the computation of the gain or loss so as to result in an increase in such gain or decrease of such loss, for federal income tax purposes, from the sale or other disposition of the property with respect to which the special additional mortgage recording tax imposed pursuant to subdivision one-a of section two hundred fifty-three of this chapter was paid, the amount of the special additional mortgage recording tax imposed by subdivision one-a of section two hundred fifty-three of this chapter which was paid and which is reflected in the computation of the basis of the property so as to result in a decrease in such gain or increase in such loss for federal income tax purposes from the sale or other disposition of the property with respect to which such tax was paid.

1 S 6. Subdivision 1 of section 472 of the tax law, as amended by chap-
2 ter 629 of the laws of 1996, and as further amended by section 104 of
3 part A of chapter 62 of the laws of 2011, is amended to read as follows:

4 1. The commissioner shall prescribe, prepare and furnish stamps of
5 such denominations and quantities as may be necessary for the payment of
6 the tax on cigarettes imposed by this article, and may from time to time
7 and as often as he deems advisable provide for the issuance and exclu-
8 sive use of stamps of a new design and forbid the use of stamps of any
9 other design[, in the manner and with the effect provided in section two
10 hundred seventy-four of this chapter]. THE COMMISSIONER MAY MAKE, ENTER
11 INTO AND EXECUTE FOR AND IN BEHALF OF THE STATE SUCH CONTRACT OR
12 CONTRACTS FOR DIES, PLATES AND PRINTING NECESSARY FOR THE MANUFACTURE OF
13 THE STAMPS PROVIDED FOR BY THIS ARTICLE, AND HIRE STAFF AND PROVIDE SUCH
14 STATIONARY TOGETHER WITH SUCH BOOKS AND BLANKS AS IN HIS OR HER
15 DISCRETION MAY BE NECESSARY FOR PUTTING INTO OPERATION THE PROVISIONS OF
16 THIS ARTICLE; THE COMMISSIONER SHALL BE THE CUSTODIAN OF ALL STAMPS,
17 DIES, PLATES OR OTHER MATERIAL OR THING FURNISHED AND USED IN THE MANU-
18 FACTURE OF SUCH STATE TAX STAMPS, AND ALL EXPENSES INCURRED UNDER THE
19 COMMISSIONER'S DIRECTION IN CARRYING OUT THE PROVISIONS OF THIS ARTICLE
20 SHALL BE PAID TO THE COMMISSIONER BY THE STATE TREASURER FROM ANY MONEYS
21 APPROPRIATED FOR SUCH PURPOSE. The commissioner shall make provisions
22 for the sale of such stamps at such places and at such times as he may
23 deem necessary and may license agents for such purpose. The commissioner
24 may license dealers in cigarettes, who maintain separate warehousing
25 facilities for the purpose of receiving and distributing cigarettes and
26 conducting their business, who have received commitments from at least
27 two cigarette manufacturers whose aggregate market share is at least
28 forty percent of the New York state cigarette market, and importers,
29 exporters and manufacturers of cigarettes, and other persons within or
30 without the state as agents to buy or affix stamps to be used in paying
31 the tax herein imposed, but an agent shall at all times have the right
32 to appoint the person in his employ who is to affix the stamps to any
33 cigarettes under the agent's control. The fee for filing such applica-
34 tion for an agent's license shall be one thousand five hundred dollars,
35 unless such fee has been paid during the preceding twelve months, in
36 which case, the fee for a new license shall be one thousand dollars. All
37 of the provisions of section four hundred eighty relating to wholesale
38 dealers' licenses, including the procedure for suspension, revocation,
39 refusal to license and for hearings, except for paragraphs (c) and (g)
40 of subdivision one of such section, shall be applicable to agents'
41 licenses applied for or granted pursuant to this section, as if such
42 provisions had been set forth in full in this subdivision and had
43 expressly referred to the applicant for, or the holder of, an agent's
44 license. Whenever the commissioner shall sell and deliver to any such
45 agent any such stamps, such agent shall be entitled to receive as
46 compensation for his services and expenses as such agent in selling or
47 affixing such stamps, and to retain out of the moneys to be paid by him
48 for such stamps, a commission on the par value thereof. The commissioner
49 is hereby authorized to prescribe a schedule of commissions, not exceed-
50 ing five per centum, allowable to such agent for buying and affixing
51 such stamps. Such schedule shall be uniform with respect to the differ-
52 ent types of stamps used, and may be on a graduated scale with respect
53 to the number of stamps purchased. The commissioner may, in his
54 discretion, permit an agent to pay for such stamps within thirty days
55 after the date of purchase and may require any such agent to file with
56 the department of taxation and finance a bond issued by a surety company

1 approved by the superintendent of financial services as to solvency and
2 responsibility and authorized to transact business in the state or other
3 security acceptable to the commissioner, in such amount as the commis-
4 sioner may fix, to secure the payment of any sums due from such agent
5 pursuant to this article. If securities are deposited as security under
6 this subdivision, such securities shall be kept in the custody of the
7 commissioner and may be sold by the commissioner if it becomes necessary
8 so to do in order to recover any sums due from such agent pursuant to
9 this article, but no such sale shall be had until after such agent shall
10 have had opportunity to litigate the validity of any tax if it elects so
11 to do. Upon any such sale, the surplus, if any, above the sums due under
12 this article shall be returned to such agent.

13 S 7. Section 463 of the banking law, as added by chapter 608 of the
14 laws of 1996, is amended to read as follows:

15 S 463. [Exemptions and individual] INDIVIDUAL liability of sharehold-
16 ers. [The transfer of the shares of any credit union shall not be taxa-
17 ble under the provisions of article twelve of the tax law.]

18 The shareholders of a credit union shall not be individually liable
19 for the payment of the credit union's debts.

20 S 8. Subdivision 6 of section 3012 of the public authorities law, as
21 amended by chapter 868 of the laws of 1975, is amended to read as
22 follows:

23 6. Anything in this article ten to the contrary notwithstanding, any
24 agreement or agreements with the holders of notes or bonds issued by any
25 municipal assistance corporation created by or pursuant to any title of
26 this article shall contain a clause stating in substance that any
27 provision in this article or in any such agreement or agreements which
28 relate to taxes imposed under [article twelve or] sections eleven
29 hundred seven or eleven hundred eight of the tax law of the state or to
30 the funds created by sections ninety-two-b, ninety-two-d or ninety-two-e
31 of the state finance law shall be deemed executory only to the extent of
32 the moneys available to the state in such funds from time to time and no
33 liability on account thereof shall be incurred by the state beyond the
34 moneys available in such funds.

35 S 9. Section 92-b of the state finance law is REPEALED.

36 S 10. Section 92-i of the state finance law is REPEALED.

37 S 11. Subparagraph 6 of paragraph j of subdivision 1 of section 54 of
38 the state finance law is REPEALED.

39 S 12. Subdivision (c) of section 11-503 of the administrative code of
40 the city of New York is REPEALED.

41 S 13. Paragraph 4 of subdivision (b) of section 11-506 of the adminis-
42 trative code of the city of New York is REPEALED.

43 S 14. Subdivision (g) of section 11-512 of the administrative code of
44 the city of New York is REPEALED.

45 S 15. Subdivision (g) of section 11-514 of the administrative code of
46 the city of New York is REPEALED.

47 S 16. Clause (A) of subparagraph 4-a of paragraph (b) of subdivision 8
48 of section 11-602 of the administrative code of the city of New York is
49 REPEALED.

50 S 17. Subdivision 11 of section 11-604 of the administrative code of
51 the city of New York is REPEALED.

52 S 18. Paragraph (a) of subdivision 12 of section 11-604 of the admin-
53 istrative code of the city of New York is amended to read as follows:

54 (a) [In addition to the credit allowed by subdivision eleven of this
55 section, a] A taxpayer shall be allowed a credit against the tax imposed
56 by this subchapter to be credited or refunded in the manner hereinafter

1 provided in this section. The amount of such credit shall be the excess
2 of (A) the amount of sales and compensating use taxes imposed by section
3 eleven hundred seven of the tax law during the taxpayer's taxable year
4 which became legally due on or after and was paid on or after July
5 first, nineteen hundred seventy-seven, less any credits or refunds of
6 such taxes, with respect to the purchase or use by the taxpayer of
7 machinery or equipment for use or consumption directly and predominantly
8 in the production of tangible personal property, gas, electricity,
9 refrigeration or steam for sale, by manufacturing, processing, generat-
10 ing, assembling, refining, mining or extracting, or telephone central
11 office equipment or station apparatus or comparable telegraph equipment
12 for use directly and predominantly in receiving at destination or initi-
13 ating and switching telephone or telegraph communication, but not
14 including parts with a useful life of one year or less or tools or
15 supplies used in connection with such machinery, equipment or apparatus
16 over (B) the amount of any credit for such sales and compensating use
17 taxes allowed or allowable against the taxes imposed by subchapter two
18 of chapter eleven of this title for any periods embraced within the
19 taxable year of the taxpayer under this subchapter.

20 S 19. Subdivision 3 of section 11-606 of the administrative code of
21 the city of New York is REPEALED.

22 S 20. Subdivision 11 of section 11-608 of the administrative code of
23 the city of New York is REPEALED.

24 S 21. (a) Notwithstanding the repeal of article 12 of the tax law by
25 this act, all provisions of such article 12 and any regulations adopted
26 thereunder, in respect to the assessment, payment, payment over, deter-
27 mination, collection and refund of tax imposed thereunder, the rebates
28 provided for in section 280-a of the tax law, the filing of forms and
29 returns and the preservation of records for the purposes of the tax
30 imposed by article 12, the secrecy of returns, the disposition of reven-
31 ues, and the civil and criminal penalties applicable to the violation of
32 the provisions of such article 12, shall continue in full force and
33 effect with respect to all such tax accrued up to the date this act
34 takes effect; all actions and proceedings, civil or criminal, commenced
35 or authorized to be commenced under or by virtue of any provision of
36 such article 12 so repealed, and pending or able to be commenced prior
37 to the taking effect of such repeal, may be commenced, prosecuted and
38 defended to final effect in the same manner as they might if such
39 provisions were not so repealed.

40 (b) Notwithstanding any provision of law in article 12 of the tax law
41 or subdivision (a) of this section to the contrary, any application for
42 a rebate of tax paid under such article 12 must be filed within two
43 years from the effective date of this act.

44 S 22. This act shall take effect June 1, 2014; provided that section
45 ten of this act shall take effect July 1, 2016.

46 PART DD

47 Section 1. Subsection (b) of section 804 of the tax law, as added by
48 section 1 of part C of chapter 25 of the laws of 2009, is amended to
49 read as follows:

50 (b) Individuals with net earnings from self-employment. Individuals
51 with earnings from self-employment must make estimated tax payments of
52 the tax imposed by this article for the taxable year on the same dates
53 specified in [subsection (a) of this section for the quarterly payments
54 of the tax imposed on the payroll expense of employers] PARAGRAPH ONE OF

SUBSECTION (C) OF SECTION SIX HUNDRED EIGHTY-FIVE OF THIS CHAPTER. In addition, these self-employed individuals must file a return for the taxable year by the [thirtieth] FIFTEENTH day of the fourth month following the close of the taxable year. Paragraph one of subsection (d) of section six hundred eighty-five of this chapter shall not apply to the estimated tax payments required by this subsection.

S 2. Section 806 of the tax law, as added by section 1 of part C of chapter 25 of the laws of 2009, is amended to read as follows:

S 806. Procedural provisions. (A) GENERAL. All provisions of article twenty-two of this chapter will apply to the provisions of this article in the same manner and with the same force and effect as if the language of article twenty-two of this chapter had been incorporated in full into this article and had been specifically adjusted for and expressly referred to the tax imposed by this article, except to the extent that any provision is either inconsistent with a provision of this article or is not relevant to this article. Notwithstanding the preceding sentence, no credit against tax in article twenty-two of this chapter can be used to offset the tax due under this article.

(B) COMBINED FILINGS. NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS ARTICLE:

(1) THE COMMISSIONER MAY REQUIRE THE FILING OF A COMBINED RETURN WHICH, IN ADDITION TO THE RETURN PROVIDED FOR IN SUBSECTION (B) OF SECTION EIGHT HUNDRED FOUR OF THIS ARTICLE, MAY ALSO INCLUDE ANY OF THE RETURNS REQUIRED TO BE FILED BY A RESIDENT INDIVIDUAL OF NEW YORK STATE PURSUANT TO THE PROVISIONS OF SECTION SIX HUNDRED FIFTY-ONE OF THIS CHAPTER AND WHICH MAY BE REQUIRED TO BE FILED BY SUCH INDIVIDUAL PURSUANT TO ANY LOCAL LAW ENACTED PURSUANT TO THE AUTHORITY OF ARTICLE THIRTY, THIRTY-A OR THIRTY-B OF THIS CHAPTER.

(2) WHERE A COMBINED RETURN IS REQUIRED, AND WITH RESPECT TO THE PAYMENT OF ESTIMATED TAX, THE COMMISSIONER MAY ALSO REQUIRE THE PAYMENT TO IT OF A SINGLE AMOUNT WHICH SHALL EQUAL THE TOTAL OF THE AMOUNTS (TOTAL TAXES LESS ANY CREDITS OR REFUNDS) WHICH WOULD HAVE BEEN REQUIRED TO BE PAID WITH THE RETURNS OR IN PAYMENT OF ESTIMATED TAX PURSUANT TO THE PROVISIONS OF THIS ARTICLE, THE PROVISIONS OF ARTICLE TWENTY-TWO OF THIS CHAPTER, AND THE PROVISIONS OF LOCAL LAWS ENACTED UNDER THE AUTHORITY OF ARTICLE THIRTY, THIRTY-A OR THIRTY-B OF THIS CHAPTER.

(3) Notwithstanding any other law to the contrary, the commissioner may require that all filings of forms or returns under this article must be filed electronically and all payments of tax must be paid electronically.

S 3. The tax law is amended by adding a new section 807 to read as follows:

S 807. ENFORCEMENT WITH OTHER TAXES. (A) JOINT ASSESSMENT. IF THERE IS ASSESSED A TAX UNDER THIS ARTICLE AND THERE IS ALSO ASSESSED A TAX AGAINST THE SAME TAXPAYER PURSUANT TO ARTICLE TWENTY-TWO OF THIS CHAPTER OR UNDER A LOCAL LAW ENACTED PURSUANT TO THE AUTHORITY OF ARTICLE THIRTY, ARTICLE THIRTY-A, OR ARTICLE THIRTY-B OF THIS CHAPTER, AND PAYMENT OF A SINGLE AMOUNT IS REQUIRED UNDER THE PROVISIONS OF THIS ARTICLE, SUCH PAYMENT SHALL BE DEEMED TO HAVE BEEN MADE WITH RESPECT TO THE TAXES SO ASSESSED IN PROPORTION TO THE AMOUNTS OF SUCH TAXES DUE, INCLUDING TAX, PENALTIES, INTEREST AND ADDITIONS TO TAX.

(B) JOINT ACTION. IF THE COMMISSIONER TAKES ACTION UNDER SUCH ARTICLE TWENTY-TWO OR UNDER A LOCAL LAW ENACTED PURSUANT TO THE AUTHORITY OF ARTICLE THIRTY, THIRTY-A, OR THIRTY-B OF THIS CHAPTER WITH RESPECT TO THE ENFORCEMENT AND COLLECTION OF THE TAX OR TAXES ASSESSED UNDER SUCH ARTICLES, THE COMMISSIONER SHALL, WHENEVER POSSIBLE AND NECESSARY,

1 ACCOMPANY SUCH ACTION WITH A SIMILAR ACTION UNDER SIMILAR ENFORCEMENT
2 AND COLLECTION PROVISIONS OF THE TAX IMPOSED BY THIS ARTICLE.

3 (C) APPORTIONMENT OF MONEYS COLLECTED BY JOINT ACTION. ANY MONEYS
4 COLLECTED AS A RESULT OF SUCH JOINT ACTION SHALL BE DEEMED TO HAVE BEEN
5 COLLECTED IN PROPORTION TO THE AMOUNTS DUE, INCLUDING TAX, PENALTIES,
6 INTEREST AND ADDITIONS TO TAX, UNDER ARTICLE TWENTY-TWO OF THIS CHAPTER
7 OR UNDER A LOCAL LAW ENACTED PURSUANT TO THE AUTHORITY OF ARTICLE THIR-
8 TY, THIRTY-A, OR THIRTY-B OF THIS CHAPTER AND THE TAX IMPOSED BY THIS
9 ARTICLE.

10 (D) JOINT DEFICIENCY ACTION. WHENEVER THE COMMISSIONER TAKES ANY
11 ACTION WITH RESPECT TO A DEFICIENCY OF INCOME TAX UNDER ARTICLE TWENTY-
12 TWO OF THIS CHAPTER OR UNDER A LOCAL LAW ENACTED PURSUANT TO THE AUTHOR-
13 ITY OF ARTICLE THIRTY, THIRTY-A, OR THIRTY-B OF THIS CHAPTER, OTHER THAN
14 THE ACTION SET FORTH IN SUBSECTION (A) OF THIS SECTION, THE COMMISSIONER
15 MAY IN HIS OR HER DISCRETION ACCOMPANY SUCH ACTION WITH A SIMILAR ACTION
16 UNDER THIS ARTICLE.

17 S 4. This act shall take effect immediately and apply to taxable years
18 beginning on or after January 1, 2015.

19 PART EE

20 Section 1. Subdivision 4 of section 97-nnnn of the state finance law,
21 as added by chapter 174 of the laws of 2013, is amended to read as
22 follows:

23 4. a. As used in this section, the term "base year gaming revenue"
24 shall mean the sum of all revenue generated to support education from
25 video lottery gaming as defined by section sixteen hundred seventeen-a
26 of the tax law in the twelve months preceding the operation of any
27 gaming facility pursuant to either article thirteen of the racing, pari-
28 mutuel wagering and breeding law or pursuant to paragraph four of SUBDI-
29 VISION A OF section [one thousand six] SIXTEEN hundred seventeen-a of
30 the tax law.

31 b. Amounts APPROPRIATED OR transferred in any year to support elemen-
32 tary and secondary education shall be calculated as follows:

33 (i) an amount equal to the positive difference, if any, between the
34 base year gaming revenue amount and the sum of all revenue generated to
35 support education from video lottery gaming as defined by section
36 sixteen hundred seventeen-a of the tax law in the current fiscal year
37 provided that such positive amount, if any, shall be transferred to the
38 state lottery fund[;]. FOR THE PURPOSES OF THIS PARAGRAPH, THE CALCU-
39 LATION OF THIS POSITIVE DIFFERENCE SHALL BE ESTIMATED AND TRANSFERRED
40 MONTHLY BASED ON THE CUMULATIVE POSITIVE DIFFERENCE, IF ANY, IN THE SAME
41 CUMULATIVE MONTHS OF THE BASE YEAR AND THE CUMULATIVE MONTHS OF THE
42 CURRENT FISCAL YEAR TO DATE, LESS AMOUNTS PREVIOUSLY TRANSFERRED IN THE
43 CURRENT FISCAL YEAR. PROVIDED, HOWEVER, IF THE AMOUNT PREVIOUSLY TRANS-
44 FERRED IN THE CURRENT FISCAL YEAR EXCEEDS THE CUMULATIVE POSITIVE
45 DIFFERENCE, AN AMOUNT EQUAL TO THE EXCESS TRANSFERRED MAY BE TRANSFERRED
46 BACK FROM THE STATE LOTTERY FUND; and

47 (ii) the amount of revenue collected [in the prior state fiscal year,]
48 to be distributed pursuant to paragraph a of subdivision three of this
49 section, and in excess of any amounts transferred pursuant to subpara-
50 graph (i) of this paragraph [in such prior fiscal year], if any.

51 c. Notwithstanding any provision of law to the contrary, amounts
52 appropriated or transferred from the commercial gaming revenue fund
53 pursuant to subparagraph (ii) of this paragraph shall not be included
54 in: (i) the allowable growth amount computed pursuant to paragraph dd of

subdivision one of section thirty-six hundred two of the education law, (ii) the preliminary growth amount computed pursuant to paragraph ff of subdivision one of section thirty-six hundred two of the education law, and (iii) the allocable growth amount computed pursuant to paragraph gg of subdivision one of section thirty-six hundred two of the education law.

S 2. Subdivision 5 of section 97-nnnn of the state finance law, as added by chapter 174 of the laws of 2013, is amended to read as follows:

5. Notwithstanding the foregoing, monies received pursuant to:

a. sections one thousand three hundred forty-five and one thousand three hundred forty-eight of [this article] THE RACING, PARI-MUTUEL WAGERING AND BREEDING LAW shall be exclusively appropriated to the office of alcoholism and substance abuse services to be used for problem gambling education and treatment purposes.

b. section one thousand three hundred forty-nine of [this article] THE RACING, PARI-MUTUEL WAGERING AND BREEDING LAW shall be exclusively appropriated to the commission for regulatory investigations.

c. section one thousand three hundred fifty of [this article] THE RACING, PARI-MUTUEL WAGERING AND BREEDING LAW shall be exclusively appropriated to the commission for costs regulation.

S 3. Subdivisions (b) and (c) of section 52 of chapter 174 of the laws of 2013 enacting the upstate New York gaming economic development act of 2013, are amended to read as follows:

(b) sections six, seven, fourteen and sixteen of this act shall take effect on the same date as the agreement between the Oneida Nation of New York and the state of New York entered into on the sixteenth day of May, 2013 takes effect; provided, further, that the amendments to subdivision 2 of section 99-h of the state finance law made by section six of this act shall take effect on the same date as the reversion of such section as provided in section 2 of chapter 747 of the laws of 2006, as amended; provided, further, that the amendments to subdivision 3 of section 99-h of the state finance law made by section seven of this act shall be subject to the expiration and reversion of such subdivision as provided in section 3 of part W of chapter 60 of the laws of 2011, as amended when upon such date the provisions of section seven-a of this act shall take effect; provided, further, that the amendments to subdivision 3 of section 99-h of the state finance law made by section seven-a of this act shall be subject to the the expiration and reversion of such section as provided in section 2 of chapter 747 of the laws of 2006, as amended when upon such date the provisions of section eight of this act shall take effect; [provided, further, however, that the amendment to section 99-h of the state finance law made by section nine of this act shall not affect the expiration of such section and shall be deemed repealed therewith;] provided, further, that the state gaming commission shall notify the legislative bill drafting commission upon the occurrence of such agreement between the Oneida Nation and the state of New York becoming effective in order that the commission may maintain an accurate and timely effective data base of the official text of the laws of the state of New York in furtherance of effecting the provisions of section 44 of the legislative law and section 70-b of the public officers law;

(c) section [1368] 1367 of the racing, pari-mutuel wagering and breeding law, as added by section two of this act, shall take effect upon a change in federal law authorizing the activity permitted by such section or upon a ruling by a court of competent jurisdiction that such activity is lawful. The state gaming commission shall notify the legislative bill

1 drafting commission upon the occurrence of the change in federal law or
2 upon the ruling of a court of competent jurisdiction in order that the
3 commission may maintain an accurate and timely effective data base of
4 the official text of the laws of the state of New York in furtherance of
5 effecting the provisions of section 44 of the legislative law and
6 section 70-b of the public officers law;

7 S 4. Subdivision 3-a of section 99-h of the state finance law, as
8 added by chapter 174 of the laws of 2013, is amended to read as follows:

9 3-a. Ten percent of any of the funds actually received by the state
10 pursuant to the tribal-state compacts and agreements described in subdi-
11 vision two of this section [that are retained in the fund after the
12 distributions required by subdivision three of this section, but] prior
13 to the transfer of unsegregated moneys to the general fund required by
14 such subdivision, shall be distributed to counties in each respective
15 exclusivity zone provided they do not otherwise receive a share of said
16 revenues pursuant to this section. Such distribution shall be made among
17 such counties on a per capita basis, excluding the population of any
18 municipality that receives a distribution pursuant to subdivision three
19 of this section.

20 S 5. Subdivision g of section 1617-a of the tax law, as added by chap-
21 ter 174 of the laws of 2013, is amended to read as follows:

22 g. Every video lottery gaming license, and every renewal license,
23 shall be valid for a period of five years, except that video gaming
24 licenses issued before the effective date of this subdivision shall be
25 for a term expiring on THE APPLICANT'S NEXT BIRTHDAY FOLLOWING June
26 thirtieth, two thousand fourteen.

27 The gaming commission may decline to renew any license after notice
28 and an opportunity for hearing if it determines that:

29 (1) the licensee has violated section one thousand six hundred seven
30 of this article;

31 (2) the licensee has violated any rule, regulation or order of the
32 gaming commission;

33 (3) the applicant or its officers, directors or significant stockhold-
34 ers, as determined by the gaming commission, have been convicted of a
35 crime involving moral turpitude; or

36 (4) that the character or fitness of the licensee and its officers,
37 directors, and significant stockholders, as determined by the gaming
38 commission is such that the participation of the applicant in video
39 lottery gaming or related activities would be inconsistent with the
40 public interest, convenience or necessity or with the best interests of
41 video gaming generally.

42 S 6. This act shall take effect immediately; provided, that section
43 one of this act shall take effect April 1, 2015; provided, further, that
44 the amendments made to section three of this act shall be deemed to have
45 taken effect on the same date and in the same manner as chapter 174 of
46 the laws of 2013.

47 PART FF

48 Intentionally Omitted

49 PART GG

50 Section 1. This act enacts into law major components of legislation
51 relating to lower Manhattan. Each component is wholly contained within

1 a Subpart identified as Subparts A through G. The effective date for
2 each particular provision contained within such Subpart is set forth in
3 the last section of such Subpart. Any provision in any section
4 contained within a Subpart, including the effective date of the Subpart,
5 which makes a reference to a section "of this act", when used in
6 connection with that particular component, shall be deemed to mean and
7 refer to the corresponding section of the Subpart in which it is found.
8 Section three of this act sets forth the general effective date of this
9 act.

10 SUBPART A

11 Section 1. Subparagraph (A) of paragraph 7 of subdivision (ee) of
12 section 1115 of the tax law, as amended by section 2 of chapter 203 of
13 the laws of 2009, is amended to read as follows:

14 (A) "Tenant" means a person who, as lessee, enters into a space lease
15 with a landlord for a term of ten years or more commencing on or after
16 September first, two thousand five, but not later than, in the case of a
17 space lease with respect to leased premises located in eligible areas as
18 defined in clause (i) of subparagraph (D) of this paragraph, September
19 first, two thousand [thirteen] FIFTEEN and, in the case of a space lease
20 with respect to leased premises located in eligible areas as defined in
21 clause (ii) of subparagraph (D) of this paragraph not later than Septem-
22 ber first, two thousand [fifteen] SEVENTEEN, of premises for use as
23 commercial office space in buildings located or to be located in the
24 eligible areas. A person who currently occupies premises for use as
25 commercial office space under an existing lease in a building in the
26 eligible areas shall not be eligible for exemption under this subdivi-
27 sion unless such existing lease, in the case of a space lease with
28 respect to leased premises located in eligible areas as defined in
29 clause (i) of subparagraph (D) of this paragraph expires according to
30 its terms before September first, two thousand [thirteen] FIFTEEN or
31 such existing lease, in the case of a space lease with respect to leased
32 premises located in eligible areas as defined in clause (ii) of subpara-
33 graph (D) of this paragraph and such person enters into a space lease,
34 for a term of ten years or more commencing on or after September first,
35 two thousand five, of premises for use as commercial office space in a
36 building located or to be located in the eligible areas, provided that
37 such space lease with respect to leased premises located in eligible
38 areas as defined in clause (i) of subparagraph (D) of this paragraph
39 commences no later than September first, two thousand [thirteen]
40 FIFTEEN, and provided that such space lease with respect to leased prem-
41 ises located in eligible areas as defined in clause (ii) of subparagraph
42 (D) of this paragraph commences no later than September first, two thou-
43 sand [fifteen] SEVENTEEN and provided, further, that such space lease
44 shall expire no earlier than ten years after the expiration of the
45 original lease.

46 S 2. Section 2 of part C of chapter 2 of the laws of 2005 amending
47 the tax law relating to exemptions from sales and use taxes, as amended
48 by chapter 203 of the laws of 2009, is amended to read as follows:

49 S 2. This act shall take effect September 1, 2005 and shall expire and
50 be deemed repealed on December 1, [2016] 2018, and shall apply to sales
51 made, uses occurring and services rendered on or after such effective
52 date, in accordance with the applicable transitional provisions of
53 sections 1106 and 1217 of the tax law; except that clause (i) of subpar-
54 agraph (D) of paragraph seven of subdivision (ee) of section 1115 of the

1 tax law, as added by section one of this act, shall expire and be deemed
2 repealed December 1, [2014] 2016.

3 S 3. This act shall take effect immediately; provided, however, that
4 the amendments to subparagraph (A) of paragraph 7 of subdivision (ee) of
5 section 1115 of the tax law made by section one of this act shall not
6 affect the repeal of such subdivision and shall be deemed repealed ther-
7ewith.

8 SUBPART B

9 Section 1. Subdivisions 5 and 9 of section 499-a of the real property
10 tax law, as amended by chapter 22 of the laws of 2010, are amended to
11 read as follows:

12 5. "Benefit period." The period commencing with the first day of the
13 month immediately following the rent commencement date and terminating
14 no later than sixty months thereafter, provided, however, that with
15 respect to a lease commencing on or after April first, nineteen hundred
16 ninety-seven with an initial lease term of less than five years, but not
17 less than three years, the period commencing with the first day of the
18 month immediately following the rent commencement date and terminating
19 no later than thirty-six months thereafter. Notwithstanding the forego-
20ing sentence, a benefit period shall expire no later than March thirty-
21first, two thousand [twenty] TWENTY-TWO.

22 9. "Eligibility period." The period commencing April first, nineteen
23 hundred ninety-five and terminating March thirty-first, two thousand
24 [fourteen] SIXTEEN.

25 S 2. Paragraph (a) of subdivision 3 of section 499-c of the real prop-
26erty tax law, as amended by chapter 22 of the laws of 2010, is amended
27to read as follows:

28 (a) For purposes of determining whether the amount of expenditures
29 required by subdivision one of this section have been satisfied, expend-
30itures on improvements to the common areas of an eligible building shall
31be included only if work on such improvements commenced and the expendi-
32tures are made on or after April first, nineteen hundred ninety-five and
33on or before September thirtieth, two thousand [fourteen] SIXTEEN;
34provided, however, that expenditures on improvements to the common areas
35of an eligible building made prior to three years before the lease
36commencement date shall not be included.

37 S 3. Subdivision 8 of section 499-d of the real property tax law, as
38amended by chapter 22 of the laws of 2010, is amended to read as
39follows:

40 8. Leases commencing on or after April first, nineteen hundred nine-
41ty-seven shall be subject to the provisions of this title as amended by
42chapter six hundred twenty-nine of the laws of nineteen hundred ninety-
43seven, chapter one hundred eighteen of the laws of two thousand one,
44chapter four hundred forty of the laws of two thousand three, chapter
45sixty of the laws of two thousand seven [and the], chapter TWENTY-TWO of
46the laws of two thousand ten [that added this phrase] AND THE CHAPTER OF
47THE LAWS OF TWO THOUSAND FOURTEEN THAT ADDED THIS PHRASE. Notwithstand-
48ing any other provision of law to the contrary, with respect to leases
49commencing on or after April first, nineteen hundred ninety-seven, an
50application for a certificate of abatement shall be considered timely
51filed if filed within one hundred eighty days following the lease
52commencement date or within sixty days following the date chapter six
53hundred twenty-nine of the laws of nineteen hundred ninety-seven became
54a law, whichever is later.

1 S 4. Subparagraph (a) of paragraph 2 of subdivision i of section
2 11-704 of the administrative code of the city of New York, as amended by
3 chapter 22 of the laws of 2010, is amended to read as follows:

4 (a) An eligible tenant of eligible taxable premises shall be allowed a
5 special reduction in determining the taxable base rent for such eligible
6 taxable premises. Such special reduction shall be allowed with respect
7 to the rent for such eligible taxable premises for a period not exceed-
8 ing sixty months or, with respect to a lease commencing on or after
9 April first, nineteen hundred ninety-seven with an initial lease term of
10 less than five years, but not less than three years, for a period not
11 exceeding thirty-six months, commencing on the rent commencement date
12 applicable to such eligible taxable premises, provided, however, that in
13 no event shall any special reduction be allowed for any period beginning
14 after March thirty-first, two thousand [twenty] TWENTY-TWO. For
15 purposes of applying such special reduction, the base rent for the base
16 year shall, where necessary to determine the amount of the special
17 reduction allowable with respect to any number of months falling within
18 a tax period, be prorated by dividing the base rent for the base year by
19 twelve and multiplying the result by such number of months.

20 S 5. This act shall take effect immediately; provided, however, that
21 if this act shall have become law after March 31, 2014, this act shall
22 take effect immediately and shall be deemed to have been in full force
23 and effect on and after March 31, 2014.

24 SUBPART C

25 Section 1. Paragraph (a) of subdivision 1 of section 489-ddddddd of the
26 real property tax law, as amended by chapter 28 of the laws of 2011, is
27 amended to read as follows:

28 (a) Application for benefits pursuant to this title may be made imme-
29 diately following the effective date of a local law enacted pursuant to
30 this title and continuing until March first, two thousand [fifteen]
31 SEVENTEEN.

32 S 2. Subdivision 3 of section 489-ddddddd of the real property tax
33 law, as added by chapter 28 of the laws of 2011, is amended to read as
34 follows:

35 3. (a) No benefits pursuant to this title shall be granted for
36 construction work performed pursuant to a building permit issued after
37 April first, two thousand [fifteen] SEVENTEEN.

38 (b) If no building permit was required, then no benefits pursuant to
39 this title shall be granted for construction work that is commenced
40 after April first, two thousand [fifteen] SEVENTEEN.

41 S 3. Paragraph 1 of subdivision a of section 11-271 of the adminis-
42 trative code of the city of New York, as amended by chapter 28 of the
43 laws of 2011, is amended to read as follows:

44 (1) Application for benefits pursuant to this part may be made imme-
45 diately following the effective date of the local law that added this
46 section and continuing until March first, two thousand [fifteen] SEVEN-
47 TEEN.

48 S 4. Subdivision c of section 11-271 of the administrative code of
49 the city of New York, as added by chapter 28 of the laws of 2011, is
50 amended to read as follows:

51 c. (1) No benefits pursuant to this part shall be granted for
52 construction work performed pursuant to a building permit issued after
53 April first, two thousand [fifteen] SEVENTEEN.

(2) If no building permit was required, then no benefits pursuant to this part shall be granted for construction work that is commenced after April first, two thousand [fifteen] SEVENTEEN.

S 5. This act shall take effect immediately.

SUBPART D

Section 1. Subdivision (b) of section 25-z of the general city law, as amended by chapter 131 of the laws of 2008, is amended to read as follows:

(b) No eligible business shall be authorized to receive a credit under any local law enacted pursuant to this article until the premises with respect to which it is claiming the credit meet the requirements in the definition of eligible premises and until it has obtained a certification of eligibility from the mayor of such city or an agency designated by such mayor, and an annual certification from such mayor or an agency designated by such mayor as to the number of eligible aggregate employment shares maintained by such eligible business that may qualify for obtaining a tax credit for the eligible business' taxable year. Any written documentation submitted to such mayor or such agency or agencies in order to obtain any such certification shall be deemed a written instrument for purposes of section 175.00 of the penal law. Such local law may provide for application fees to be determined by such mayor or such agency or agencies. No such certification of eligibility shall be issued under any local law enacted pursuant to this article to an eligible business on or after July first, two thousand [thirteen] FIFTEEN unless:

(1) prior to such date such business has purchased, leased or entered into a contract to purchase or lease particular premises or a parcel on which will be constructed such premises or already owned such premises or parcel;

(2) prior to such date improvements have been commenced on such premises or parcel, which improvements will meet the requirements of subdivision (e) of section twenty-five-y of this article relating to expenditures for improvements;

(3) prior to such date such business submits a preliminary application for a certification of eligibility to such mayor or such agency or agencies with respect to a proposed relocation to such particular premises; and

(4) such business relocates to such particular premises not later than thirty-six months or, in a case in which the expenditures made for the improvements specified in paragraph two of this subdivision are in excess of fifty million dollars within seventy-two months from the date of submission of such preliminary application.

S 2. Subdivision (b) of section 25-ee of the general city law, as amended by chapter 131 of the laws of 2008, is amended to read as follows:

(b) No eligible business or special eligible business shall be authorized to receive a credit against tax under any local law enacted pursuant to this article until the premises with respect to which it is claiming the credit meet the requirements in the definition of eligible premises and until it has obtained a certification of eligibility from the mayor of such city or any agency designated by such mayor, and an annual certification from such mayor or an agency designated by such mayor as to the number of eligible aggregate employment shares maintained by such eligible business or such special eligible business that

1 may qualify for obtaining a tax credit for the eligible business' taxa-
2 ble year. No special eligible business shall be authorized to receive a
3 credit against tax under the provisions of this article unless the
4 number of relocated employee base shares calculated pursuant to subdivi-
5 sion (o) of section twenty-five-dd of this article is equal to or great-
6 er than the lesser of twenty-five percent of the number of New York city
7 base shares calculated pursuant to subdivision (p) of such section and
8 two hundred fifty employment shares. Any written documentation submitted
9 to such mayor or such agency or agencies in order to obtain any such
10 certification shall be deemed a written instrument for purposes of
11 section 175.00 of the penal law. Such local law may provide for applica-
12 tion fees to be determined by such mayor or such agency or agencies. No
13 certification of eligibility shall be issued under any local law enacted
14 pursuant to this article to an eligible business on or after July first,
15 two thousand [thirteen] FIFTEEN unless:

16 (1) prior to such date such business has purchased, leased or entered
17 into a contract to purchase or lease premises in the eligible Lower
18 Manhattan area or a parcel on which will be constructed such premises;

19 (2) prior to such date improvements have been commenced on such prem-
20 ises or parcel, which improvements will meet the requirements of subdivi-
21 sion (e) of section twenty-five-dd of this article relating to expend-
22 itures for improvements;

23 (3) prior to such date such business submits a preliminary application
24 for a certification of eligibility to such mayor or such agency or agen-
25 cies with respect to a proposed relocation to such premises; and

26 (4) such business relocates to such premises as provided in subdivi-
27 sion (j) of section twenty-five-dd of this article not later than thir-
28 ty-six months or, in a case in which the expenditures made for the
29 improvements specified in paragraph two of this subdivision are in
30 excess of fifty million dollars within seventy-two months from the date
31 of submission of such preliminary application.

32 S 3. Subdivision (b) of section 22-622 of the administrative code of
33 the city of New York, as amended by chapter 131 of the laws of 2008, is
34 amended to read as follows:

35 (b) No eligible business shall be authorized to receive a credit
36 against tax or a reduction in base rent subject to tax under the
37 provisions of this chapter, and of title eleven of the code as described
38 in subdivision (a) of this section, until the premises with respect to
39 which it is claiming the credit meet the requirements in the definition
40 of eligible premises and until it has obtained a certification of eligi-
41 bility from the mayor or an agency designated by the mayor, and an annu-
42 al certification from the mayor or an agency designated by the mayor as
43 to the number of eligible aggregate employment shares maintained by such
44 eligible business that may qualify for obtaining a tax credit for the
45 eligible business' taxable year. Any written documentation submitted to
46 the mayor or such agency or agencies in order to obtain any such certif-
47 ication shall be deemed a written instrument for purposes of section
48 175.00 of the penal law. Application fees for such certifications shall
49 be determined by the mayor or such agency or agencies. No certification
50 of eligibility shall be issued to an eligible business on or after July
51 first, two thousand [thirteen] FIFTEEN unless:

52 (1) prior to such date such business has purchased, leased or entered
53 into a contract to purchase or lease particular premises or a parcel on
54 which will be constructed such premises or already owned such premises
55 or parcel;

1 (2) prior to such date improvements have been commenced on such prem-
2 ises or parcel which improvements will meet the requirements of subdivi-
3 sion (e) of section 22-621 of this chapter relating to expenditures for
4 improvements;

5 (3) prior to such date such business submits a preliminary application
6 for a certification of eligibility to such mayor or such agency or agen-
7 cies with respect to a proposed relocation to such particular premises;
8 and

9 (4) such business relocates to such particular premises not later than
10 thirty-six months or, in a case in which the expenditures made for
11 improvements specified in paragraph two of this subdivision are in
12 excess of fifty million dollars within seventy-two months from the date
13 of submission of such preliminary application.

14 S 4. Subdivision (b) of section 22-624 of the administrative code of
15 the city of New York, as amended by chapter 131 of the laws of 2008, is
16 amended to read as follows:

17 (b) No eligible business or special eligible business shall be author-
18 ized to receive a credit against tax under the provisions of this chap-
19 ter, and of title eleven of the code as described in subdivision (a) of
20 this section, until the premises with respect to which it is claiming
21 the credit meet the requirements in the definition of eligible premises
22 and until it has obtained a certification of eligibility from the mayor
23 or an agency designated by the mayor, and an annual certification from
24 the mayor or an agency designated by the mayor as to the number of
25 eligible aggregate employment shares maintained by such eligible busi-
26 ness or special eligible business that may qualify for obtaining a tax
27 credit for the eligible business' taxable year. No special eligible
28 business shall be authorized to receive a credit against tax under the
29 provisions of this chapter and of title eleven of the code unless the
30 number of relocated employee base shares calculated pursuant to subdivi-
31 sion (o) of section 22-623 of this chapter is equal to or greater than
32 the lesser of twenty-five percent of the number of New York city base
33 shares calculated pursuant to subdivision (p) of such section 22-623,
34 and two hundred fifty employment shares. Any written documentation
35 submitted to the mayor or such agency or agencies in order to obtain any
36 such certification shall be deemed a written instrument for purposes of
37 section 175.00 of the penal law. Application fees for such certif-
38 ications shall be determined by the mayor or such agency or agencies. No
39 certification of eligibility shall be issued to an eligible business on
40 or after July first, two thousand [thirteen] FIFTEEN unless:

41 (1) prior to such date such business has purchased, leased or entered
42 into a contract to purchase or lease premises in the eligible Lower
43 Manhattan area or a parcel on which will be constructed such premises;

44 (2) prior to such date improvements have been commenced on such prem-
45 ises or parcel, which improvements will meet the requirements of subdivi-
46 sion (e) of section 22-623 of this chapter relating to expenditures
47 for improvements;

48 (3) prior to such date such business submits a preliminary application
49 for a certification of eligibility to such mayor or such agency or agen-
50 cies with respect to a proposed relocation to such premises; and

51 (4) such business relocates to such premises not later than thirty-six
52 months or, in a case in which the expenditures made for the improvements
53 specified in paragraph two of this subdivision are in excess of fifty
54 million dollars within seventy-two months from the date of submission of
55 such preliminary application.

S 5. This act shall take effect immediately and shall be deemed to have been in full force and effect on and after June 30, 2013.

SUBPART E

Section 1. Paragraph 1 of subdivision (b) of section 25-s of the general city law, as amended by chapter 406 of the laws of 2010, is amended to read as follows:

(1) non-residential premises that are wholly contained in property that is eligible to obtain benefits under title two-D or two-F of article four of the real property tax law, or would be eligible to receive benefits under such article except that such property is exempt from real property taxation and the requirements of paragraph (b) of subdivision seven of section four hundred eighty-nine-dddd of such title two-D, or the requirements of subparagraph (ii) of paragraph (b) of subdivision five of section four hundred eighty-nine-ccccc of such title two-F, whichever is applicable, have not been satisfied, provided that application for such benefits was made after May third, nineteen hundred eighty-five and prior to July first, two thousand [thirteen] FIFTEEN, that construction or renovation of such premises was described in such application, that such premises have been substantially improved by such construction or renovation so described, that the minimum required expenditure as defined in such title two-D or two-F, whichever is applicable, has been made, and that such real property is located in an eligible area; or

S 2. Paragraph 3 of subdivision (b) of section 25-s of the general city law, as amended by chapter 406 of the laws of 2010, is amended to read as follows:

(3) non-residential premises that are wholly contained in real property that has obtained approval after October thirty-first, two thousand and prior to July first, two thousand [thirteen] FIFTEEN for financing by an industrial development agency established pursuant to article eighteen-A of the general municipal law, provided that such financing has been used in whole or in part to substantially improve such premises (by construction or renovation), and that expenditures have been made for improvements to such real property in excess of ten per centum of the value at which such real property was assessed for tax purposes for the tax year in which such improvements commenced, that such expenditures have been made within thirty-six months after the earlier of (i) the issuance by such agency of bonds for such financing, or (ii) the conveyance of title to such property to such agency, and that such real property is located in an eligible area; or

S 3. Paragraph 5 of subdivision (b) of section 25-s of the general city law, as amended by chapter 406 of the laws of 2010, is amended to read as follows:

(5) non-residential premises that are wholly contained in real property owned by such city or the New York state urban development corporation, or a subsidiary thereof, a lease for which was approved in accordance with the applicable provisions of the charter of such city or by the board of directors of such corporation, and such approval was obtained after October thirty-first, two thousand and prior to July first, two thousand [thirteen] FIFTEEN, provided, however, that such premises were constructed or renovated subsequent to such approval, that expenditures have been made subsequent to such approval for improvements to such real property (by construction or renovation) in excess of ten per centum of the value at which such real property was assessed for tax

1 purposes for the tax year in which such improvements commenced, that
2 such expenditures have been made within thirty-six months after the
3 effective date of such lease, and that such real property is located in
4 an eligible area; or

5 S 4. Paragraph 2 of subdivision (c) of section 25-t of the general
6 city law, as amended by chapter 406 of the laws of 2010, is amended to
7 read as follows:

8 (2) No eligible energy user, qualified eligible energy user, on-site
9 cogenerator, or clean on-site cogenerator shall receive a rebate pursu-
10 ant to this article until it has obtained a certification from the
11 appropriate city agency in accordance with a local law enacted pursuant
12 to this section. No such certification for a qualified eligible energy
13 user shall be issued on or after November first, two thousand. No such
14 certification of any other eligible energy user, on-site cogenerator, or
15 clean on-site cogenerator shall be issued on or after July first, two
16 thousand [thirteen] FIFTEEN.

17 S 5. Paragraph 1 of subdivision (a) of section 25-aa of the general
18 city law, as amended by chapter 406 of the laws of 2010, is amended to
19 read as follows:

20 (1) is eligible to obtain benefits under title two-D or two-F of arti-
21 cle four of the real property tax law, or would be eligible to receive
22 benefits under such title except that such property is exempt from real
23 property taxation and the requirements of paragraph (b) of subdivision
24 seven of section four hundred eighty-nine-dddd of such title two-D, or
25 the requirements of subparagraph (ii) of paragraph (b) of subdivision
26 five of section four hundred eighty-nine-ccccc of such title two-F,
27 whichever is applicable, of the real property tax law have not been
28 satisfied, provided that application for such benefits was made after
29 the thirtieth day of June, nineteen hundred ninety-five and before the
30 first day of July, two thousand [thirteen] FIFTEEN, that construction or
31 renovation of such building or structure was described in such applica-
32 tion, that such building or structure has been substantially improved by
33 such construction or renovation, and (i) that the minimum required
34 expenditure as defined in such title has been made, or (ii) where there
35 is no applicable minimum required expenditure, the building was
36 constructed within such period or periods of time established by title
37 two-D or two-F, whichever is applicable, of article four of the real
38 property tax law for construction of a new building or structure; or

39 S 6. Paragraphs 2 and 3 of subdivision (a) of section 25-aa of the
40 general city law, as amended by chapter 406 of the laws of 2010, are
41 amended to read as follows:

42 (2) has obtained approval after the thirtieth day of June, nineteen
43 hundred ninety-five and before the first day of July, two thousand
44 [thirteen] FIFTEEN, for financing by an industrial development agency
45 established pursuant to article eighteen-A of the general municipal law,
46 provided that such financing has been used in whole or in part to
47 substantially improve such building or structure by construction or
48 renovation, that expenditures have been made for improvements to such
49 real property in excess of twenty per centum of the value at which such
50 real property was assessed for tax purposes for the tax year in which
51 such improvements commenced, and that such expenditures have been made
52 within thirty-six months after the earlier of (i) the issuance by such
53 agency of bonds for such financing, or (ii) the conveyance of title to
54 such building or structure to such agency; or

55 (3) is owned by the city of New York or the New York state urban
56 development corporation, or a subsidiary corporation thereof, a lease

1 for which was approved in accordance with the applicable provisions of
2 the charter of such city or by the board of directors of such corpo-
3 ration, as the case may be, and such approval was obtained after the
4 thirtieth day of June, nineteen hundred ninety-five and before the first
5 day of July, two thousand [thirteen] FIFTEEN, provided that expenditures
6 have been made for improvements to such real property in excess of twen-
7 ty per centum of the value at which such real property was assessed for
8 tax purposes for the tax year in which such improvements commenced, and
9 that such expenditures have been made within thirty-six months after the
10 effective date of such lease; or

11 S 7. Subdivision (f) of section 25-bb of the general city law, as
12 amended by chapter 406 of the laws of 2010, is amended to read as
13 follows:

14 (f) Application and certification. An owner or lessee of a building or
15 structure located in an eligible revitalization area, or an agent of
16 such owner or lessee, may apply to such department of small business
17 services for certification that such building or structure is an eligi-
18 ble building or targeted eligible building meeting the criteria of
19 subdivision (a) or (q) of section twenty-five-aa of this article.
20 Application for such certification must be filed after the thirtieth day
21 of June, nineteen hundred ninety-five and before a building permit is
22 issued for the construction or renovation required by such subdivisions
23 and before the first day of July, two thousand [thirteen] FIFTEEN,
24 provided that no certification for a targeted eligible building shall be
25 issued after October thirty-first, two thousand. Such application shall
26 identify expenditures to be made that will affect eligibility under such
27 subdivision (a) or (q). Upon completion of such expenditures, an appli-
28 cant shall supplement such application to provide information (i) estab-
29 lishing that the criteria of such subdivision (a) or (q) have been met;
30 (ii) establishing a basis for determining the amount of special rebates,
31 including a basis for an allocation of the special rebate among eligible
32 revitalization area energy users purchasing or otherwise receiving ener-
33 gy services from an eligible redistributor of energy or a qualified
34 eligible redistributor of energy; and (iii) supporting an allocation of
35 charges for energy services between eligible charges and other charges.
36 Such department shall certify a building or structure as an eligible
37 building or targeted eligible building after receipt and review of such
38 information and upon a determination that such information establishes
39 that the building or structure qualifies as an eligible building or
40 targeted eligible building. Such department shall mail such certif-
41 ication or notice thereof to the applicant upon issuance. Such certif-
42 ication shall remain in effect provided the eligible redistributor of
43 energy or qualified eligible redistributor of energy reports any changes
44 that materially affect the amount of the special rebates to which it is
45 entitled or the amount of reduction required by subdivision (c) of this
46 section in an energy services bill of an eligible revitalization area
47 energy user and otherwise complies with the requirements of this arti-
48 cle. Such department shall notify the private utility or public utility
49 service required to make a special rebate to such redistributor of the
50 amount of such special rebate established at the time of certification
51 and any changes in such amount and any suspension or termination by such
52 department of certification under this subdivision. Such department may
53 require some or all of the information required as part of an applica-
54 tion or other report be provided by a licensed engineer.

1 S 8. Paragraph 1 of subdivision (i) of section 22-601 of the adminis-
2 trative code of the city of New York, as amended by chapter 406 of the
3 laws of 2010, is amended to read as follows:

4 (1) Non-residential premises that are wholly contained in property
5 that is eligible to obtain benefits under part four or part five of
6 subchapter two of chapter two of title eleven of this code, or would be
7 eligible to receive benefits under such chapter except that such proper-
8 ty is exempt from real property taxation and the requirements of para-
9 graph two of subdivision g of section 11-259 of this code, or the
10 requirements of subparagraph (b) of paragraph two of subdivision e of
11 section 11-270 of this code, whichever is applicable, have not been
12 satisfied, provided that application for such benefits was made after
13 May third, nineteen hundred eighty-five and prior to July first, two
14 thousand [thirteen] FIFTEEN, that construction or renovation of such
15 premises was described in such application, that such premises have been
16 substantially improved by such construction or renovation so described,
17 that the minimum required expenditure as defined in such part four or
18 part five, whichever is applicable, has been made, and that such real
19 property is located in an eligible area; or

20 S 9. Paragraph 3 of subdivision (i) of section 22-601 of the adminis-
21 trative code of the city of New York, as amended by chapter 406 of the
22 laws of 2010, is amended to read as follows:

23 (3) non-residential premises that are wholly contained in real proper-
24 ty that has obtained approval after October thirty-first, two thousand
25 and prior to July first, two thousand [thirteen] FIFTEEN for financing
26 by an industrial development agency established pursuant to article
27 eighteen-A of the general municipal law, provided that such financing
28 has been used in whole or in part to substantially improve such premises
29 (by construction or renovation), and that expenditures have been made
30 for improvements to such real property in excess of ten per centum of
31 the value at which such real property was assessed for tax purposes for
32 the tax year in which such improvements commenced, that such expendi-
33 tures have been made within thirty-six months after the earlier of (i)
34 the issuance by such agency of bonds for such financing, or (ii) the
35 conveyance of title to such property to such agency, and that such real
36 property is located in an eligible area; or

37 S 10. Paragraph 5 of subdivision (i) of section 22-601 of the adminis-
38 trative code of the city of New York, as amended by chapter 406 of the
39 laws of 2010, is amended to read as follows:

40 (5) non-residential premises that are wholly contained in real proper-
41 ty owned by such city or the New York state urban development corpo-
42 ration, or a subsidiary thereof, a lease for which was approved in
43 accordance with the applicable provisions of the charter of such city or
44 by the board of directors of such corporation, and such approval was
45 obtained after October thirty-first, two thousand and prior to July
46 first, two thousand [thirteen] FIFTEEN, provided, however, that such
47 premises were constructed or renovated subsequent to such approval, that
48 expenditures have been made subsequent to such approval for improvements
49 to such real property (by construction or renovation) in excess of ten
50 per centum of the value at which such real property was assessed for tax
51 purposes for the tax year in which such improvements commenced, that
52 such expenditures have been made within thirty-six months after the
53 effective date of such lease, and that such real property is located in
54 an eligible area; or

1 S 11. Paragraph 1 of subdivision (c) of section 22-602 of the adminis-
2 trative code of the city of New York, as amended by chapter 406 of the
3 laws of 2010, is amended to read as follows:

4 (1) No eligible energy user, qualified eligible energy user, on-site
5 cogenerator, clean on-site cogenerator or special eligible energy user
6 shall receive a rebate pursuant to this chapter until it has obtained a
7 certification as an eligible energy user, qualified eligible energy
8 user, on-site cogenerator, clean on-site cogenerator or special eligible
9 energy user, respectively, from the commissioner of small business
10 services. No such certification for a qualified eligible energy user
11 shall be issued on or after July first, two thousand three. No such
12 certification of any other eligible energy user, on-site cogenerator or
13 clean on-site cogenerator shall be issued on or after July first, two
14 thousand [thirteen] FIFTEEN. The commissioner of small business
15 services, after notice and hearing, may revoke a certification issued
16 pursuant to this subdivision where it is found that eligibility criteria
17 have not been met or that compliance with conditions for continued
18 eligibility has not been maintained. The corporation counsel may main-
19 tain a civil action to recover an amount equal to any benefits improper-
20 ly obtained.

21 S 12. This act shall take effect immediately and shall be deemed to
22 have been in full force and effect on and after June 30, 2013.

23 SUBPART F

24 Section 1. Subparagraph (b-2) of paragraph 2 of subdivision i of
25 section 11-704 of the administrative code of the city of New York, as
26 amended by chapter 203 of the laws of 2009, is amended to read as
27 follows:

28 (b-2) The amount of the special reduction allowed by this subdivision
29 with respect to a lease other than a sublease commencing between July
30 first, two thousand five and June thirtieth, two thousand [thirteen]
31 FIFTEEN with an initial or renewal lease term of at least five years
32 shall be determined as follows:

33 (i) For the base year the amount of such special reduction shall be
34 equal to the base rent for the base year.

35 (ii) For the first, second, third and fourth twelve-month periods
36 following the base year the amount of such special reduction shall be
37 equal to the lesser of (A) the base rent for each such twelve-month
38 period or (B) the base rent for the base year.

39 S 2. Subparagraph (a) of paragraph 5 of subdivision i of section
40 11-704 of the administrative code of the city of New York is amended by
41 adding a new clause (iii) to read as follows:

42 (III) NOTWITHSTANDING ANY OTHER PROVISIONS OF LAW TO THE CONTRARY, AN
43 APPLICATION FOR THE SPECIAL REDUCTION ALLOWED BY SUBPARAGRAPH (B-2) OF
44 PARAGRAPH TWO OF THIS SUBDIVISION SHALL BE CONSIDERED TIMELY FILED IF
45 FILED BY SUCH TENANT WITH THE DEPARTMENT OF FINANCE ON OR AFTER THE DATE
46 ON WHICH THE LEASE FOR THE ELIGIBLE PREMISES IS EXECUTED BY THE LANDLORD
47 AND TENANT BUT IN NO EVENT MORE THAN ONE HUNDRED EIGHTY DAYS FOLLOWING
48 THE RENT COMMENCEMENT DATE OR SIXTY DAYS FOLLOWING THE EFFECTIVE DATE OF
49 THIS CLAUSE, WHICHEVER IS LATER, AND NO SUCH SPECIAL REDUCTION SHALL BE
50 PERMITTED UNLESS SUCH APPLICATION IS FILED WITHIN SUCH TIME.

51 S 3. This act shall take effect immediately; and shall be deemed to
52 have been in full force and effect on and after June 30, 2013.

53 SUBPART G

1 Section 1. Subdivision 9 of section 499-aa of the real property tax
2 law, as amended by chapter 306 of the laws of 2010, is amended to read
3 as follows:

4 9. "Eligibility period." The period commencing April first, nineteen
5 hundred ninety-five and terminating March thirty-first, two thousand
6 one, provided, however, that with respect to eligible premises defined
7 in subparagraph (i) of paragraph (b) of subdivision ten of this section,
8 the period commencing July first, two thousand and terminating June
9 thirtieth, two thousand [fourteen] SIXTEEN, and provided, further,
10 however, that with respect to eligible premises defined in subparagraph
11 (ii) of paragraph (b) or paragraph (c) of subdivision ten of this
12 section, the period commencing July first, two thousand five and termi-
13 nating June thirtieth, two thousand [fourteen] SIXTEEN.

14 S 2. Subparagraph (iii) of paragraph (a) of subdivision 3 of section
15 499-cc of the real property tax law, as amended by chapter 306 of the
16 laws of 2010, is amended to read as follows:

17 (iii) With respect to the eligible premises defined in subparagraph
18 (ii) of paragraph (b) or paragraph (c) of subdivision ten of section
19 four hundred ninety-nine-aa of this title and for purposes of determin-
20 ing whether the amount of expenditures required by subdivision one of
21 this section have been satisfied, expenditures on improvements to the
22 common areas of an eligible building shall be included only if work on
23 such improvements commenced and the expenditures are made on or after
24 July first, two thousand five and on or before December thirty-first,
25 two thousand [fourteen] SIXTEEN; provided, however, that expenditures on
26 improvements to the common areas of an eligible building made prior to
27 three years before the lease commencement date shall not be included.

28 S 3. This act shall take effect immediately; provided, however, that
29 if it shall become law after June 30, 2014, this act shall take effect
30 immediately and shall be deemed to have been in full force and effect on
31 and after June 30, 2013.

32 S 2. Severability clause. If any clause, sentence, paragraph, subdivi-
33 sion, section or part of this act shall be adjudged by any court of
34 competent jurisdiction to be invalid, such judgment shall not affect,
35 impair, or invalidate the remainder thereof, but shall be confined in
36 its operation to the clause, sentence, paragraph, subdivision, section
37 or part thereof directly involved in the controversy in which such judg-
38 ment shall have been rendered. It is hereby declared to be the intent of
39 the legislature that this act would have been enacted even if such
40 invalid provisions had not been included herein.

41 S 3. This act shall take effect immediately provided, however, that
42 the applicable effective date of Subparts A through G of this act shall
43 be as specifically set forth in the last section of such Subparts.

44 PART HH

45 Section 1. The state finance law is amended by adding a new article 17
46 to read as follows:

47 ARTICLE 17

48 ANNUAL SPENDING GROWTH CAP ACT

49 SECTION 244. DEFINITIONS.

50 245. ESTABLISHMENT OF ANNUAL SPENDING GROWTH CAP.

51 246. PROVISIONS REGARDING DECLARATION OF EMERGENCY.

52 S 244. DEFINITIONS. AS USED IN THIS ARTICLE, THE FOLLOWING TERMS SHALL
53 HAVE THE FOLLOWING MEANINGS, UNLESS OTHERWISE SPECIFIED:

1 1. "ANNUAL SPENDING GROWTH CAP" SHALL MEAN A PERCENTAGE DETERMINED BY
2 ADDING THE INFLATION RATES FROM EACH OF THE THREE CALENDAR YEARS IMME-
3 DIATELY PRIOR TO THE COMMENCEMENT OF A GIVEN FISCAL YEAR AND THEN DIVID-
4 ING THAT SUM BY THREE PROVIDED THAT EACH PERCENTAGE SHALL NOT EXCEED TWO
5 PERCENT.

6 2. "STATE OPERATING FUNDS SPENDING" SHALL MEAN ANNUAL DISBURSEMENTS OF
7 ALL GOVERNMENTAL FUND TYPES INCLUDED IN THE CASH-BASIS FINANCIAL PLAN OF
8 THE STATE, EXCLUDING DISBURSEMENTS FROM FEDERAL FUNDS AND CAPITAL
9 PROJECT FUNDS.

10 3. "INFLATION RATE" SHALL MEAN THE PERCENTAGE CHANGE IN THE
11 TWELVE-MONTH AVERAGE OF THE CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS
12 AS PUBLISHED BY THE UNITED STATES DEPARTMENT OF LABOR, BUREAU OF LABOR
13 STATISTICS OR ANY SUCCESSOR AGENCY FOR A GIVEN CALENDAR YEAR COMPARED TO
14 THE PRIOR CALENDAR YEAR.

15 4. "EXECUTIVE BUDGET" SHALL MEAN THE BUDGET SUBMITTED ANNUALLY BY THE
16 GOVERNOR PURSUANT TO SECTION ONE OF ARTICLE VII OF THE STATE CONSTITU-
17 TION.

18 5. "STATE BUDGET AS ENACTED" SHALL MEAN THE BUDGET ACTED UPON BY THE
19 LEGISLATURE IN A GIVEN FISCAL YEAR, AS SUBJECT TO SECTION FOUR OF ARTI-
20 CLE VII OF THE STATE CONSTITUTION AND SECTION SEVEN OF ARTICLE IV OF THE
21 STATE CONSTITUTION.

22 6. "EMERGENCY" SHALL MEAN AN EXTRAORDINARY, UNFORESEEN, OR UNEXPECTED
23 OCCURRENCE, OR COMBINATION OF CIRCUMSTANCES, INCLUDING BUT NOT LIMITED
24 TO A NATURAL DISASTER, INVASION, TERRORIST ATTACK, OR ECONOMIC CALAMITY.

25 S 245. ESTABLISHMENT OF ANNUAL SPENDING GROWTH CAP. 1. THERE IS HERE-
26 BY ESTABLISHED AN ANNUAL SPENDING GROWTH CAP.

27 2. THE GOVERNOR SHALL NOT SUBMIT, AND THE LEGISLATURE SHALL NOT ACT
28 UPON, A BUDGET THAT CONTAINS A PERCENTAGE INCREASE OVER THE PRIOR FISCAL
29 YEAR IN STATE OPERATING FUNDS SPENDING WHICH EXCEEDS THE ANNUAL SPENDING
30 GROWTH CAP.

31 3. THE GOVERNOR SHALL CERTIFY IN WRITING THAT STATE OPERATING FUNDS
32 SPENDING IN THE EXECUTIVE BUDGET DOES NOT EXCEED THE ANNUAL SPENDING
33 GROWTH CAP. IF FINAL INFLATION RATE DATA FOR THE PRIOR CALENDAR YEAR IS
34 NOT YET AVAILABLE AT THE TIME THE GOVERNOR SUBMITS HIS OR HER EXECUTIVE
35 BUDGET, HE OR SHE SHALL FURNISH A REASONABLE ESTIMATE OF SUCH PRIOR
36 CALENDAR YEAR INFLATION RATE.

37 4. THE COMPTROLLER SHALL PROVIDE, WITHIN FIVE DAYS OF ACTION BY THE
38 LEGISLATURE UPON THE BUDGET, A DETERMINATION AS TO WHETHER THE STATE
39 OPERATING FUNDS SPENDING AS SET FORTH IN THE STATE BUDGET AS ENACTED
40 EXCEEDS THE ANNUAL SPENDING GROWTH CAP.

41 5. IF THE COMPTROLLER FINDS THAT STATE OPERATING FUNDS SPENDING AS SET
42 FORTH IN THE STATE BUDGET AS ENACTED EXCEEDS THE ANNUAL SPENDING GROWTH
43 CAP, THE GOVERNOR SHALL TAKE CORRECTIVE ACTION TO ENSURE THAT FUNDING IS
44 LIMITED TO THE AMOUNT OF THE ANNUAL SPENDING CAP.

45 6. ON THE LAST DAY OF EACH FISCAL YEAR AND AFTER ANY NECESSARY DEPOS-
46 ITS TO THE RAINY DAY RESERVE FUND, THE COMPTROLLER SHALL DEPOSIT INTO
47 THE TAX FREEDOM FUND, ESTABLISHED BY SECTION NINETY-NINE-V OF THIS CHAP-
48 TER, ANY REVENUE THAT CONSTITUTES REVENUE ABOVE WHAT IS NECESSARY TO
49 FUND STATE SPENDING THAT IS AT OR BELOW THE ANNUAL SPENDING GROWTH CAP.

50 S 246. PROVISIONS REGARDING DECLARATION OF EMERGENCY. 1. UPON A FIND-
51 ING OF AN EMERGENCY BY THE GOVERNOR, HE OR SHE MAY DECLARE AN EMERGENCY
52 BY AN EXECUTIVE ORDER WHICH SHALL SET FORTH THE REASONS FOR SUCH DECLA-
53 RATION.

54 2. BASED UPON SUCH DECLARATION, THE GOVERNOR MAY SUBMIT, AND THE
55 LEGISLATURE MAY AUTHORIZE, BY A TWO-THIRDS SUPERMAJORITY, A BUDGET

1 CONTAINING A PERCENTAGE INCREASE OVER THE PRIOR FISCAL YEAR IN STATE
2 OPERATING FUNDS SPENDING THAT EXCEEDS THE ANNUAL SPENDING GROWTH CAP.

3 S 2. The state finance law is amended by adding a new section 99-v to
4 read as follows:

5 S 99-V. TAX FREEDOM FUND. 1. THERE IS HEREBY ESTABLISHED IN THE JOINT
6 CUSTODY OF THE STATE COMPTROLLER AND THE COMMISSIONER OF TAXATION AND
7 FINANCE A SPECIAL FUND TO BE KNOWN AS THE "TAX FREEDOM FUND."

8 2. THIS FUND SHALL CONTAIN ALL MONEYS DEPOSITED AS A RESULT OF THE
9 PROVISIONS OF ARTICLE SEVENTEEN OF THIS CHAPTER. SUCH MONEYS SHALL BE
10 USED ONLY TO PAY FOR THE ANTICIPATED FIRST YEAR FISCAL IMPACT OF TAX
11 CUTS ENACTED BY THE LEGISLATURE IN THE FISCAL YEAR FOLLOWING THE DEPOS-
12 ITING OF THE FUNDS.

13 3. FUNDS SHALL BE TRANSFERRED TO THE GENERAL FUND AS NECESSARY TO
14 REPLACE THE ANTICIPATED REDUCTION IN STATE REVENUE RESULTING FROM
15 ENACTED TAX REDUCTIONS. HOWEVER, FUNDS SHALL NOT BE TRANSFERRED TO THE
16 GENERAL FUND FOR UNANTICIPATED REVENUE SHORTFALLS.

17 S 3. This act shall take effect on the thirtieth day after it shall
18 have become a law.

19 PART II

20 Section 1. Section 601 of the tax law is amended by adding a new
21 subsection (d-3) to read as follows:

22 (D-3) OPTIONAL ALTERNATE SIMPLE CALCULATION. NOTWITHSTANDING
23 SUBSECTIONS (A) THROUGH (D-2) OF THIS SECTION, A RESIDENT TAXPAYER WITH
24 FEDERAL ADJUSTED GROSS INCOME LESS THAN ONE MILLION DOLLARS MAY CHOOSE
25 TO CALCULATE TAX LIABILITY AS FOLLOWS:

26 (1) IMPOSITION OF TAX. (A) RESIDENT MARRIED INDIVIDUALS FILING JOINT
27 RETURNS AND RESIDENT SURVIVING SPOUSES. THERE IS HEREBY IMPOSED FOR EACH
28 TAXABLE YEAR ON THE NEW YORK TAXABLE INCOME OF EVERY RESIDENT MARRIED
29 INDIVIDUAL WHO MAKES A SINGLE RETURN JOINTLY WITH HIS OR HER SPOUSE
30 UNDER SUBSECTION (B) OF SECTION SIX HUNDRED FIFTY-ONE OF THIS ARTICLE
31 AND ON THE NEW YORK TAXABLE INCOME OF EVERY RESIDENT SURVIVING SPOUSE A
32 TAX DETERMINED IN ACCORDANCE WITH THE FOLLOWING CALCULATION: SIMPLE
33 TAXABLE INCOME MULTIPLIED BY THE MARRIED JOINT EFFECTIVE TAX RATE.

34 (B) RESIDENT HEADS OF HOUSEHOLDS. THERE IS HEREBY IMPOSED FOR EACH
35 TAXABLE YEAR ON THE NEW YORK TAXABLE INCOME OF EVERY RESIDENT HEAD OF A
36 HOUSEHOLD A TAX DETERMINED IN ACCORDANCE WITH THE FOLLOWING CALCULATION:
37 SIMPLE TAXABLE INCOME MULTIPLIED BY THE HEADS OF HOUSEHOLD EFFECTIVE TAX
38 RATE.

39 (C) RESIDENT UNMARRIED INDIVIDUALS, RESIDENT MARRIED INDIVIDUALS
40 FILING SEPARATE RETURNS AND RESIDENT ESTATES AND TRUSTS. THERE IS HEREBY
41 IMPOSED FOR EACH TAXABLE YEAR ON THE NEW YORK TAXABLE INCOME OF EVERY
42 RESIDENT INDIVIDUAL WHO IS NOT A MARRIED INDIVIDUAL WHO MAKES A SINGLE
43 RETURN JOINTLY WITH HIS OR HER SPOUSE UNDER SUBSECTION (B) OF SECTION
44 SIX HUNDRED FIFTY-ONE OF THIS ARTICLE OR A RESIDENT HEAD OF A HOUSEHOLD
45 OR A RESIDENT SURVIVING SPOUSE, AND ON THE NEW YORK TAXABLE INCOME OF
46 EVERY RESIDENT ESTATE AND TRUST A TAX DETERMINED IN ACCORDANCE WITH THE
47 FOLLOWING CALCULATION: SIMPLE TAXABLE INCOME MULTIPLIED BY THE SINGLE
48 EFFECTIVE TAX RATE.

49 (2) MEANING OF TERMS. (A) SIMPLE TAXABLE INCOME. FOR THE PURPOSES OF
50 THIS SUBSECTION, SIMPLE TAXABLE INCOME OF A TAXPAYER SHALL MEAN HIS
51 FEDERAL ADJUSTED GROSS INCOME LESS THE MODIFICATIONS SPECIFIED IN PARA-
52 GRAPHS THREE, THREE-A, THREE-B, AND THREE-C OF SUBSECTION (C) OF SECTION
53 SIX HUNDRED TWELVE OF THIS ARTICLE.

1 (B) EFFECTIVE TAX RATE. FOR THE PURPOSES OF THIS SUBSECTION, EFFECTIVE
2 TAX RATE SHALL BE DETERMINED BY THE COMMISSIONER BY DIVIDING THE TOTAL
3 TAX LIABILITY AFTER CREDITS FOR ALL TAXPAYERS WITHIN A LIABILITY GROUP
4 BY THE TOTAL FEDERAL ADJUSTED GROSS INCOME FOR ALL TAXPAYERS WITHIN THE
5 SAME LIABILITY GROUP ON PERSONAL INCOME TAX RETURNS FILED FOR THE TAXA-
6 BLE YEAR TWO YEARS PRIOR. A LIABILITY GROUP SHALL BE DETERMINED BY (I)
7 EACH FILING STATUS LISTED IN SUBPARAGRAPHS (A), (B), AND (C) OF PARA-
8 GRAPH ONE OF THIS SUBSECTION AND (II) NUMBER OF DEPENDENTS AS FOLLOWS:
9 NO DEPENDENTS, ONE DEPENDENT, TWO DEPENDENTS, OR THREE OR MORE DEPEN-
10 DENTS. A LIABILITY GROUP SHALL BE ALL RESIDENT TAXPAYERS WITH FEDERAL
11 ADJUSTED GROSS INCOME: WITHIN FIVE THOUSAND DOLLAR INCREMENTS FOR
12 INCOMES OVER FIVE THOUSAND DOLLARS AND LESS THAN OR EQUAL TO ONE HUNDRED
13 FIFTY THOUSAND DOLLARS; WITHIN TEN THOUSAND DOLLAR INCREMENTS FOR
14 INCOMES OVER ONE HUNDRED FIFTY THOUSAND DOLLARS AND LESS THAN OR EQUAL
15 TO THREE HUNDRED THOUSAND DOLLARS; AND WITHIN FIFTY THOUSAND DOLLARS FOR
16 INCOMES OVER THREE HUNDRED THOUSAND DOLLARS AND LESS THAN ONE MILLION
17 DOLLARS. THE EFFECTIVE TAX RATE SHALL BE CALCULATED TO NO MORE THAN FOUR
18 DECIMAL PLACES.

19 (C) MARRIED JOINT EFFECTIVE TAX RATE SHALL BE THE EFFECTIVE TAX RATE
20 CALCULATED UNDER SUBPARAGRAPH (B) OF THIS PARAGRAPH FOR TAXPAYERS THAT
21 FILE IN ACCORDANCE WITH SUBPARAGRAPH (A) OF PARAGRAPH ONE OF THIS
22 SUBSECTION.

23 (D) HEADS OF HOUSEHOLDS EFFECTIVE TAX RATE SHALL BE THE EFFECTIVE TAX
24 RATE CALCULATED UNDER SUBPARAGRAPH (B) OF THIS PARAGRAPH FOR TAXPAYERS
25 THAT FILE IN ACCORDANCE WITH SUBPARAGRAPH (B) OF PARAGRAPH ONE OF THIS
26 SUBSECTION.

27 (E) SINGLE EFFECTIVE TAX RATE SHALL BE THE EFFECTIVE TAX RATE CALCU-
28 LATED UNDER SUBPARAGRAPH (B) OF THIS PARAGRAPH FOR TAXPAYERS THAT FILE
29 IN ACCORDANCE WITH SUBPARAGRAPH (C) OF PARAGRAPH ONE OF THIS SUBSECTION.

30 S 2. This act shall take effect immediately and shall apply to taxable
31 years beginning on or after January 1, 2014.

32 PART JJ

33 Section 1. Subsection (a) of section 601-a of the tax law, as amended
34 by section 10 of part FF of chapter 59 of the laws of 2013, is amended
35 to read as follows:

36 (a) For tax year two thousand thirteen, the commissioner, not later
37 than September first, two thousand twelve, shall multiply the amounts
38 specified in subsection (b) of this section for tax year two thousand
39 twelve by one plus the cost of living adjustment described in subsection
40 (c) of this section. For tax year two thousand fourteen, the commission-
41 er, not later than September first, two thousand thirteen, shall multi-
42 ply the amounts specified in subsection (b) of this section for tax year
43 two thousand thirteen by one plus the cost of living adjustment. For
44 each succeeding tax year after tax year two thousand fourteen [and
45 before tax year two thousand eighteen], the commissioner, not later than
46 September first of such tax year, shall multiply the amounts specified
47 in subsection (b) of this section for such tax year by one plus the cost
48 of living adjustment described in subsection (c) of this section for
49 such tax year.

50 S 2. This act shall take effect immediately.

51 PART KK

1 Section 1. The general municipal law is amended by adding a new
2 section 959-c to read as follows:

3 S 959-C. CERTIFIED STARTUP BUSINESS ENTERPRISE. (A) CERTIFICATION. (I)
4 THE COMMISSIONER SHALL APPROVE APPLICATIONS FOR QUALIFICATION OF A BUSI-
5 NESS ENTERPRISE AS A CERTIFIED STARTUP BUSINESS ENTERPRISE. AS A CONDI-
6 TION FOR APPROVAL OF SUCH APPLICATION, THE COMMISSIONER IS AUTHORIZED TO
7 SPECIFY CERTAIN REQUIREMENTS TO BE SATISFIED AS A CONDITION FOR APPROVAL
8 OF A BUSINESS ENTERPRISE AS A CERTIFIED STARTUP BUSINESS ENTERPRISE AS
9 THE COMMISSIONER DEEMS NECESSARY TO ENSURE THE QUALIFYING ANGEL INVEST-
10 MENT WILL MAKE A SUBSTANTIAL CONTRIBUTION TO THE ECONOMIC DEVELOPMENT OF
11 THIS STATE, INCLUDING THE USE OF A SYSTEM OF EVALUATION OF VARIOUS
12 APPLICANT BUSINESS ENTERPRISES IN A COMPETITIVE FASHION.

13 (II) WITH RESPECT TO AN APPROVED APPLICATION FOR QUALIFICATION OF A
14 BUSINESS ENTERPRISE AS A CERTIFIED STARTUP BUSINESS ENTERPRISE, THE
15 COMMISSIONER SHALL ISSUE TO SUCH BUSINESS ENTERPRISE A CERTIFICATE OF
16 QUALIFICATION AS A CERTIFIED STARTUP BUSINESS ENTERPRISE SETTING FORTH
17 THE EFFECTIVE DATE OF THE CERTIFICATION AND THE AMOUNT OF QUALIFYING
18 ANGEL INVESTMENT AWARDED TO SUCH BUSINESS ENTERPRISE, WHICH AMOUNT SHALL
19 BE NO LESS THAN ONE HUNDRED THOUSAND DOLLARS AND NO MORE THAN ONE
20 MILLION DOLLARS.

21 (III) FOR THE PERIOD JULY FIRST, TWO THOUSAND FOURTEEN THROUGH JUNE
22 THIRTIETH, TWO THOUSAND FIFTEEN, THE COMMISSIONER MAY CERTIFY UP TO
23 SEVEN MILLION DOLLARS IN QUALIFYING ANGEL INVESTMENT. FOR THE PERIOD
24 JULY FIRST, TWO THOUSAND FIFTEEN THROUGH JUNE THIRTIETH, TWO THOUSAND
25 SIXTEEN, THE COMMISSIONER MAY CERTIFY UP TO SEVEN MILLION DOLLARS IN
26 QUALIFYING ANGEL INVESTMENT. FOR THE PERIOD JULY FIRST, TWO THOUSAND
27 SIXTEEN THROUGH JUNE THIRTIETH, TWO THOUSAND SEVENTEEN, THE COMMISSIONER
28 MAY CERTIFY UP TO SEVEN MILLION DOLLARS IN QUALIFYING ANGEL INVESTMENT.

29 (B) DEFINITIONS. AS USED IN THIS SECTION, THE FOLLOWING TERMS SHALL
30 HAVE THE FOLLOWING MEANINGS:

31 (I) "CERTIFIED STARTUP BUSINESS ENTERPRISE" SHALL MEAN A BUSINESS
32 ENTERPRISE LOCATED IN NEW YORK STATE:

33 (1) WITH LESS THAN FIVE MILLION DOLLARS IN ANNUAL REVENUES;

34 (2) WHOSE PRIMARY ACTIVITY CONSISTS OF A QUALIFYING TECHNOLOGY OR
35 INNOVATION ACTIVITY; AND

36 (3) THAT HAS BEEN CERTIFIED AS A CERTIFIED STARTUP BUSINESS ENTERPRISE
37 BY THE COMMISSIONER.

38 (II) "QUALIFYING TECHNOLOGY OR INNOVATION ACTIVITY" SHALL MEAN:

39 (1) BIOTECHNOLOGIES, WHICH SHALL BE DEFINED AS TECHNOLOGIES INVOLVING
40 THE SCIENTIFIC MANIPULATION OF LIVING ORGANISMS, ESPECIALLY AT THE
41 MOLECULAR AND/OR THE SUB-MOLECULAR GENETIC LEVEL, TO PRODUCE PRODUCTS
42 CONDUCIVE TO IMPROVING THE LIVES AND HEALTH OF PLANTS, ANIMALS, AND
43 HUMANS; AND THE ASSOCIATED SCIENTIFIC RESEARCH, PHARMACOLOGICAL, MECHAN-
44 ICAL, AND COMPUTATIONAL APPLICATIONS AND SERVICES CONNECTED WITH THESE
45 IMPROVEMENTS;

46 (2) INFORMATION AND COMMUNICATION TECHNOLOGIES, EQUIPMENT AND SYSTEMS
47 THAT INVOLVE ADVANCED COMPUTER SOFTWARE AND HARDWARE, VISUALIZATION
48 TECHNOLOGIES, AND HUMAN INTERFACE TECHNOLOGIES;

49 (3) ADVANCED MATERIALS AND PROCESSING TECHNOLOGIES THAT INVOLVE THE
50 DEVELOPMENT, MODIFICATION, OR IMPROVEMENT OF ONE OR MORE MATERIALS OR
51 METHODS TO PRODUCE DEVICES AND STRUCTURES WITH IMPROVED PERFORMANCE
52 CHARACTERISTICS OR SPECIAL FUNCTIONAL ATTRIBUTES, OR TO ACTIVATE, SPEED
53 UP, OR OTHERWISE ALTER CHEMICAL, BIOCHEMICAL, OR MEDICAL PROCESSES;

54 (4) ELECTRONIC AND PHOTONIC DEVICES AND COMPONENTS FOR USE IN PRODUC-
55 ING ELECTRONIC, OPTOELECTRONIC, MECHANICAL EQUIPMENT AND PRODUCTS OF
56 ELECTRONIC DISTRIBUTION WITH INTERACTIVE MEDIA CONTENT;

1 (5) ENERGY EFFICIENCY, RENEWABLE ENERGY AND ENVIRONMENTAL TECHNOLO-
2 GIES, PRODUCTS, DEVICES AND SERVICES; OR

3 (6) SMALL SCALE SYSTEMS INTEGRATION AND PACKAGING.

4 (III) "QUALIFYING ANGEL INVESTMENT" SHALL MEAN A CONTRIBUTION TO THE
5 CAPITAL OF A CERTIFIED STARTUP BUSINESS ENTERPRISE, PROVIDED THAT SUCH
6 CONTRIBUTION TO CAPITAL IS MADE WITHIN TWELVE MONTHS AFTER THE EFFECTIVE
7 DATE OF THE CERTIFIED TECHNOLOGY VENTURE'S CERTIFICATE OF QUALIFICATION
8 AS A CERTIFIED TECHNOLOGY VENTURE AND SUCH CONTRIBUTION IS APPLIED BY
9 THE CERTIFIED STARTUP BUSINESS ENTERPRISE AGAINST ITS ALLOCATION OF
10 QUALIFYING ANGEL INVESTMENT. TOGETHER WITH ALL OTHER QUALIFYING ANGEL
11 INVESTMENTS MADE TO A SINGLE CERTIFIED STARTUP BUSINESS ENTERPRISE, THE
12 TOTAL QUALIFYING ANGEL INVESTMENT MAY NOT EXCEED ONE MILLION DOLLARS.
13 NOTHING HEREIN SHALL PROHIBIT A PERSON MAKING A QUALIFYING ANGEL INVEST-
14 MENT FROM MAKING ADDITIONAL CONTRIBUTIONS TO THE CAPITAL OF THE CERTI-
15 FIED STARTUP BUSINESS ENTERPRISE OR MAKING LOANS TO OR OTHER INVESTMENTS
16 IN THE CERTIFIED STARTUP BUSINESS ENTERPRISE, PROVIDED, HOWEVER, THAT
17 SUCH OTHER CONTRIBUTIONS, LOANS AND INVESTMENTS SHALL NOT BE TREATED AS
18 QUALIFYING ANGEL INVESTMENTS.

19 S 2. Section 210 of the tax law is amended by adding a new subdivision
20 12-H to read as follows:

21 12-H. ANGEL TAX CREDIT. (A) ALLOWANCE OF CREDIT. A TAXPAYER THAT HAS
22 MADE A QUALIFYING ANGEL INVESTMENT, AS SUCH TERM IS DEFINED IN PARAGRAPH
23 (III) OF SUBDIVISION (B) OF SECTION NINE HUNDRED FIFTY-NINE-C OF THE
24 GENERAL MUNICIPAL LAW, SHALL BE ALLOWED A CREDIT EQUAL TO THIRTY-FIVE
25 PERCENT OF THE AMOUNT OF SUCH QUALIFYING ANGEL INVESTMENT.

26 (B) APPLICATION OF CREDIT. THE CREDIT ALLOWED UNDER THIS SUBDIVISION
27 FOR ANY TAXABLE YEAR SHALL NOT REDUCE THE TAX DUE FOR SUCH YEAR TO LESS
28 THAN THE HIGHER OF THE AMOUNTS PRESCRIBED IN PARAGRAPHS (C) AND (D) OF
29 SUBDIVISION ONE OF THIS SECTION. HOWEVER, IF THE AMOUNT OF CREDIT
30 ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR REDUCES THE TAX TO
31 SUCH AMOUNT, ANY AMOUNT OF CREDIT THUS NOT DEDUCTIBLE IN SUCH TAXABLE
32 YEAR SHALL BE TREATED AS AN OVERPAYMENT OF TAX TO BE CREDITED OR
33 REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF SECTION TEN HUNDRED EIGHT-
34 Y-SIX OF THIS CHAPTER. PROVIDED, HOWEVER, THE PROVISIONS OF SUBSECTION
35 (C) OF SECTION TEN HUNDRED EIGHTY-EIGHT OF THIS CHAPTER NOTWITHSTANDING,
36 NO INTEREST SHALL BE PAID THEREON.

37 S 3. Subsections (yy) and (zz) of section 606 of the tax law, as
38 relettered by section 5 of part H of chapter 1 of the laws of 2003, are
39 relettered subsections (yyy) and (zzz) and a new subsection (xx) is
40 added to read as follows:

41 (XX) ANGEL TAX CREDIT. (1) ALLOWANCE OF CREDIT. A TAXPAYER THAT HAS
42 MADE A QUALIFYING ANGEL INVESTMENT, AS SUCH TERM IS DEFINED IN PARAGRAPH
43 (III) OF SUBDIVISION (B) OF SECTION NINE HUNDRED FIFTY-NINE-C OF THE
44 GENERAL MUNICIPAL LAW, OR THAT IS A MEMBER OF A PARTNERSHIP THAT HAS
45 MADE A QUALIFYING ANGEL INVESTMENT, SHALL BE ALLOWED A CREDIT EQUAL TO
46 THIRTY-FIVE PERCENT OF THE AMOUNT OF SUCH QUALIFYING ANGEL INVESTMENT
47 OR, IN THE CASE OF A TAXPAYER WHO IS A MEMBER OF A PARTNERSHIP THAT HAS
48 MADE A QUALIFYING ANGEL INVESTMENT, A PORTION OF SUCH QUALIFYING ANGEL
49 INVESTMENT EQUAL TO THE PORTION OF ITEMS OF INCOME, GAIN, LOSS AND
50 DEDUCTION ASSOCIATED WITH THE QUALIFYING ANGEL INVESTMENT PROPERLY ALLO-
51 CABLE TO SUCH TAXPAYER UNDER SECTION 704 OF THE INTERNAL REVENUE CODE
52 FOR THE TAXABLE YEAR.

53 (2) APPLICATION OF CREDIT. IF THE AMOUNT OF THE CREDIT ALLOWED UNDER
54 THIS SUBSECTION FOR ANY TAXABLE YEAR SHALL EXCEED THE TAXPAYER'S TAX FOR
55 SUCH YEAR, THE EXCESS SHALL BE TREATED AS AN OVERPAYMENT OF TAX TO BE
56 CREDITED OR REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF SECTION SIX

1 HUNDRED EIGHTY-SIX OF THIS ARTICLE, PROVIDED, HOWEVER, THAT NO INTEREST
2 SHALL BE PAID THEREON.

3 S 4. Section 1456 of the tax law is amended by adding a new subdivi-
4 sion (aa) to read as follows:

5 (AA) ANGEL TAX CREDIT. (1) ALLOWANCE OF CREDIT. A TAXPAYER THAT HAS
6 MADE A QUALIFYING ANGEL INVESTMENT, AS SUCH TERM IS DEFINED IN PARAGRAPH
7 (III) OF SUBDIVISION (B) OF SECTION NINE HUNDRED FIFTY-NINE-C OF THE
8 GENERAL MUNICIPAL LAW, SHALL BE ALLOWED A CREDIT EQUAL TO THIRTY-FIVE
9 PERCENT OF THE AMOUNT OF SUCH QUALIFYING ANGEL INVESTMENT.

10 (2) APPLICATION OF CREDIT. THE CREDIT ALLOWED UNDER THIS SUBSECTION
11 FOR ANY TAXABLE YEAR SHALL NOT REDUCE THE TAX DUE FOR SUCH YEAR TO LESS
12 THAN THE MINIMUM TAX FIXED BY SUBSECTION (B) OF SECTION FOURTEEN HUNDRED
13 FIFTY-FIVE OF THIS ARTICLE. HOWEVER, IF THE AMOUNT OF CREDIT ALLOWED
14 UNDER THIS SUBSECTION FOR ANY TAXABLE YEAR REDUCES THE TAX TO SUCH
15 AMOUNT, THEN ANY AMOUNT OF CREDIT THUS NOT DEDUCTIBLE IN SUCH TAXABLE
16 YEAR SHALL BE TREATED AS AN OVERPAYMENT OF TAX TO BE CREDITED OR
17 REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF SECTION TEN HUNDRED EIGHT-
18 Y-SIX OF THIS CHAPTER. PROVIDED, HOWEVER, THE PROVISIONS OF SUBSECTION
19 (C) OF SECTION TEN HUNDRED EIGHTY-EIGHT OF THIS CHAPTER NOTWITHSTANDING,
20 NO INTEREST SHALL BE PAID THEREON.

21 S 5. Section 1511 of the tax law is amended by adding a new subdivi-
22 sion (dd) to read as follows:

23 (DD) ANGEL TAX CREDIT. (1) ALLOWANCE OF CREDIT. A TAXPAYER THAT HAS
24 MADE A QUALIFYING ANGEL INVESTMENT, AS SUCH TERM IS DEFINED IN PARAGRAPH
25 (III) OF SUBDIVISION (B) OF SECTION NINE HUNDRED FIFTY-NINE-C OF THE
26 GENERAL MUNICIPAL LAW, SHALL BE ALLOWED A CREDIT EQUAL TO THIRTY-FIVE
27 PERCENT OF THE AMOUNT OF SUCH QUALIFYING ANGEL INVESTMENT.

28 (2) APPLICATION OF CREDIT. THE CREDIT ALLOWED UNDER THIS SUBDIVISION
29 FOR ANY TAXABLE YEAR SHALL NOT REDUCE THE TAX DUE FOR SUCH YEAR TO LESS
30 THAN THE MINIMUM TAX FIXED BY PARAGRAPH FOUR OF SUBDIVISION (A) OF
31 SECTION FIFTEEN HUNDRED TWO OF THIS ARTICLE OR BY SECTION FIFTEEN
32 HUNDRED TWO-A OF THIS ARTICLE, WHICHEVER IS APPLICABLE. HOWEVER, IF THE
33 AMOUNT OF CREDIT ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR
34 REDUCES THE TAX TO SUCH AMOUNT, THEN ANY AMOUNT OF CREDIT THUS NOT
35 DEDUCTIBLE IN SUCH TAXABLE YEAR SHALL BE TREATED AS AN OVERPAYMENT OF
36 TAX TO BE CREDITED OR REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF
37 SECTION TEN HUNDRED EIGHTY-SIX OF THIS CHAPTER. PROVIDED, HOWEVER, THE
38 PROVISIONS OF SUBSECTION (C) OF SECTION TEN HUNDRED EIGHTY-EIGHT OF THIS
39 CHAPTER NOTWITHSTANDING, NO INTEREST SHALL BE PAID THEREON.

40 S 6. This act shall take effect immediately.

41 PART LL

42 Section 1. Subsection (c) of section 612 of the tax law is amended by
43 adding a new paragraph 41 to read as follows:

44 (41) THE AMOUNT OF ANY AWARD PAID TO A VOLUNTEER FIREFIGHTER OR VOLUN-
45 TEER AMBULANCE WORKER FROM A LENGTH OF SERVICE DEFINED CONTRIBUTION PLAN
46 OR DEFINED BENEFIT PLAN AS PROVIDED FOR IN ARTICLES ELEVEN-A, ELEVEN-AA,
47 ELEVEN-AAA AND ELEVEN-AAAA OF THE GENERAL MUNICIPAL LAW, TO THE EXTENT
48 THAT SUCH AWARD IS INCLUDABLE IN GROSS INCOME FOR FEDERAL INCOME TAX
49 PURPOSES; PROVIDED, HOWEVER, THAT SUCH AWARD IS NOT DISTRIBUTED IN THE
50 FORM OF A LUMP SUM; AND PROVIDED, FURTHER, THAT SUCH AWARD IS NOT
51 DISTRIBUTED TO A TAXPAYER WHO HAS NOT ATTAINED THE AGE OF FIFTY-NINE AND
52 ONE-HALF YEARS.

53 S 2. This act shall take effect immediately and shall apply to taxable
54 years beginning on and after January 1, 2014.

1 PART MM

2 Section 1. Article 28 of the tax law is amended by adding a new part 6
3 to read as follows:

4 PART VI

5 PUBLIC SAFETY COMMUNICATIONS SURCHARGE ON PREPAID WIRELESS
6 TELECOMMUNICATIONS SERVICES7 SECTION 1155. PUBLIC SAFETY COMMUNICATIONS SURCHARGE ON PREPAID WIRELESS
8 TELECOMMUNICATIONS SERVICES.

9 S 1155. PUBLIC SAFETY COMMUNICATIONS SURCHARGE ON PREPAID WIRELESS
10 TELECOMMUNICATIONS SERVICES. (A) DEFINITIONS. AS USED IN THIS SECTION,
11 WHERE NOT OTHERWISE SPECIFICALLY DEFINED AND UNLESS A DIFFERENT MEANING
12 IS CLEARLY REQUIRED:

13 (1) "CONSUMER" MEANS A PERSON WHO PURCHASES PREPAID WIRELESS TELECOM-
14 MUNICATIONS SERVICE IN A RETAIL TRANSACTION.

15 (2) "SURCHARGE" MEANS THE PUBLIC SAFETY COMMUNICATIONS SURCHARGE ON
16 PREPAID WIRELESS TELECOMMUNICATIONS SERVICES THAT IS REQUIRED TO BE
17 COLLECTED BY A VENDOR FROM A CONSUMER IN THE AMOUNT ESTABLISHED IN
18 SUBDIVISION (B) OF THIS SECTION.

19 (3) "PREPAID WIRELESS TELECOMMUNICATIONS SERVICE" MEANS A WIRELESS
20 TELECOMMUNICATIONS SERVICE THAT ALLOWS A CALLER TO DIAL 911 TO ACCESS
21 THE 911 SYSTEM, WHICH SERVICE MUST BE PAID FOR IN ADVANCE AND IS SOLD IN
22 PREDETERMINED UNITS OR DOLLARS OF WHICH THE NUMBER DECLINES WITH USE IN
23 A KNOWN AMOUNT.

24 (4) "PROVIDER" MEANS A PERSON THAT PROVIDES PREPAID WIRELESS TELECOM-
25 MUNICATIONS SERVICE PURSUANT TO A LICENSE ISSUED BY THE FEDERAL COMMUNI-
26 CATIONS COMMISSION.

27 (5) "RETAIL TRANSACTION" MEANS THE PURCHASE OF PREPAID WIRELESS TELE-
28 COMMUNICATIONS SERVICE FROM A VENDOR FOR ANY PURPOSE OTHER THAN RESALE.
29 EACH INDIVIDUAL PREPAID TELECOMMUNICATION DEVICE, ADDITION OF MINUTES OR
30 ADDITION OF FUNDS SHALL CONSTITUTE A SEPARATE TRANSACTION.

31 (6) "VENDOR" MEANS A PERSON WHO SELLS PREPAID WIRELESS TELECOMMUNI-
32 CATIONS SERVICE TO ANOTHER PERSON.

33 (7) "WIRELESS TELECOMMUNICATIONS SERVICE" MEANS COMMERCIAL MOBILE
34 RADIO SERVICE AS DEFINED IN SECTION 20.3 OF TITLE 47 OF THE CODE OF
35 FEDERAL REGULATIONS, AS AMENDED.

36 (B) PUBLIC SAFETY COMMUNICATIONS SURCHARGE ON PREPAID WIRELESS TELE-
37 COMMUNICATIONS SERVICES. (1) A SURCHARGE ON PREPAID WIRELESS COMMUNI-
38 CATIONS SERVICE PROVIDED TO A CONSUMER IS IMPOSED AT A RATE OF ONE
39 DOLLAR AND TWENTY CENTS PER RETAIL TRANSACTION, AND THAT RATE WHICH MAY
40 BE IMPOSED BY LOCAL LAW PURSUANT TO SECTION THREE HUNDRED THREE OF THE
41 COUNTY LAW.

42 (2) A VENDOR CONDUCTING A RETAIL TRANSACTION FOR A PREPAID WIRELESS
43 TELECOMMUNICATIONS DEVICE, OR FOR THE ADDITION OF MINUTES OR FUNDS TO A
44 PREPAID WIRELESS TELECOMMUNICATIONS DEVICE, SHALL ACT AS A COLLECTION
45 AGENT FOR THE STATE FOR THE COLLECTION OF THE SURCHARGE. THE AMOUNT OF
46 THE SURCHARGE SHALL BE EITHER SEPARATELY STATED ON THE INVOICE, RECEIPT
47 OR OTHER SALES DOCUMENT THAT IS PROVIDED TO THE CONSUMER, OR OTHERWISE
48 DISCLOSED TO THE CONSUMER. THE SURCHARGE SHALL BE COLLECTED BY THE
49 VENDOR ON ALL POINT OF SALE RETAIL TRANSACTIONS WITHIN NEW YORK STATE,
50 AND FOR ALL INTERNET, PHONE AND OTHER REMOTE RETAIL TRANSACTIONS, OTHER
51 THAN FOR RESALE, THE SURCHARGE SHALL BE COLLECTED WHEN THE BILLING
52 ADDRESS FOR THE PAYMENT METHOD OR THE SHIPPING ADDRESS ARE WITHIN NEW
53 YORK STATE.

54 (3) THE AMOUNT OF THE SURCHARGE THAT IS COLLECTED BY A VENDOR FROM A
55 CONSUMER, IF SUCH AMOUNT IS SEPARATELY STATED ON AN INVOICE, RECEIPT OR

1 OTHER SALES DOCUMENT PROVIDED TO THE CONSUMER BY THE VENDOR, SHALL NOT
2 BE INCLUDED IN THE BASE FOR MEASURING ANY TAX, FEE, SURCHARGE, OR OTHER
3 CHARGE THAT IS IMPOSED BY THIS STATE, ANY POLITICAL SUBDIVISION OF THE
4 STATE, OR ANY INTERGOVERNMENTAL AGENCY.

5 (4) SURCHARGE RECEIPTS COLLECTED BY VENDORS SHALL BE REMITTED TO THE
6 COMMISSIONER AT THE SAME TIME AND IN THE SAME MANNER AS PRESCRIBED IN
7 PART FOUR OF THIS ARTICLE. THOSE PORTIONS OF THE RECEIPTS ATTRIBUTABLE
8 TO THE SURCHARGE ESTABLISHED UNDER SECTION TWELVE HUNDRED NINETEEN OF
9 THIS CHAPTER SHALL BE HANDLED BY THE COMMISSIONER IN THE SAME MANNER AS
10 PRESCRIBED IN SECTION TWELVE HUNDRED SIXTY-ONE OF THIS CHAPTER.

11 (5) EACH VENDOR IS ENTITLED TO RETAIN, AS AN ADMINISTRATIVE FEE, AN
12 AMOUNT EQUAL TO TWO PERCENT OF FIFTY-EIGHT AND THREE-TENTHS PERCENT OF
13 THE TOTAL COLLECTIONS OF THE SURCHARGE IMPOSED BY THIS SECTION, PROVIDED
14 THAT THE VENDOR FILES ANY REQUIRED RETURN AND REMITS THE SURCHARGE DUE
15 TO THE COMMISSIONER ON OR BEFORE ITS DUE DATE.

16 (6) NOTWITHSTANDING ANY PROVISION OF LAW TO THE CONTRARY, ALL
17 SURCHARGE MONIES COLLECTED AND RECEIVED BY THE COMMISSIONER UNDER THIS
18 SECTION MUST BE DEPOSITED DAILY TO THE CREDIT OF THE COMPTROLLER WITH
19 THOSE RESPONSIBLE BANKS, BANKING HOUSES OR TRUST COMPANIES THE COMP-
20 TROLLER MAY DESIGNATE. THOSE DEPOSITS MUST BE KEPT SEPARATE AND APART
21 FROM ALL OTHER MONIES IN THE POSSESSION OF THE COMPTROLLER. THE COMP-
22 TROLLER MUST REQUIRE ADEQUATE SECURITY FROM ALL SUCH DEPOSITORIES. THE
23 COMPTROLLER MUST, ON OR BEFORE THE TENTH DAY OF EACH MONTH, PAY ALL
24 SURCHARGE MONIES COLLECTED AND RECEIVED UNDER THIS SECTION INTO THE
25 SERVICE ACCOUNT OF THE MISCELLANEOUS SPECIAL REVENUE FUND, CREATED
26 PURSUANT TO SECTION NINETY-SEVEN-QQ OF THE STATE FINANCE LAW.

27 (7) THE STATE OF NEW YORK AND ANY OF ITS AGENCIES, INSTRUMENTALITIES
28 AND POLITICAL SUBDIVISIONS ARE EXEMPT FROM THE SURCHARGE IMPOSED BY THIS
29 SECTION.

30 S 2. The tax law is amended by adding a new section 1219 to read as
31 follows:

32 S 1219. PUBLIC SAFETY COMMUNICATIONS SURCHARGE ON PREPAID WIRELESS
33 TELECOMMUNICATIONS SERVICES. (A) NOTWITHSTANDING THE PROVISIONS OF ANY
34 LAW TO THE CONTRARY, ANY COUNTY OF THIS STATE, ACTING THROUGH ITS BOARD,
35 IS HEREBY AUTHORIZED AND EMPOWERED TO ADOPT, AMEND OR REPEAL LOCAL LAWS
36 TO IMPOSE A SURCHARGE IN AN AMOUNT NOT TO EXCEED THIRTY-FIVE CENTS ON
37 EACH "RETAIL TRANSACTION" FOR "PREPAID WIRELESS TELECOMMUNICATIONS
38 SERVICE", AS SUCH TERMS ARE DEFINED IN SECTION ELEVEN HUNDRED FIFTY-FIVE
39 OF THIS CHAPTER, FROM A VENDOR FOR ANY PURPOSE OTHER THAN RESALE;
40 PROVIDED, HOWEVER, THAT ANY COUNTY THAT IS A CITY HAVING A POPULATION OF
41 ONE MILLION OR MORE IS HEREBY AUTHORIZED AND EMPOWERED TO ADOPT, AMEND
42 OR REPEAL LOCAL LAWS TO IMPOSE A SURCHARGE IN AN AMOUNT NOT TO EXCEED
43 ONE DOLLAR PER RETAIL TRANSACTION.

44 (B) ANY SUCH LOCAL LAW SHALL STATE THE AMOUNT OF THE SURCHARGE, THE
45 DATE ON WHICH THE VENDOR SHALL BEGIN TO ADD SUCH SURCHARGE TO THE RETAIL
46 TRANSACTIONS OF ITS CUSTOMERS AND, TO THE EXTENT PRACTICABLE, THE DATE
47 ON WHICH SUCH E911 SERVICE IS TO BEGIN. SUCH LOCAL LAW MAY AUTHORIZE THE
48 SERVICE SUPPLIER TO BEGIN BILLING ITS CUSTOMERS FOR SUCH SURCHARGE PRIOR
49 TO THE DATE THE E911 SYSTEM SERVICE IS TO BEGIN.

50 (C) ANY VENDOR WITHIN A MUNICIPALITY WHICH HAS IMPOSED A SURCHARGE
51 PURSUANT TO THE PROVISIONS OF THIS SECTION SHALL BE GIVEN A MINIMUM OF
52 FORTY-FIVE DAYS WRITTEN NOTICE PRIOR TO THE DATE IT SHALL BEGIN TO ADD
53 SUCH SURCHARGE TO RETAIL TRANSACTIONS OF ITS CUSTOMERS OR PRIOR TO ANY
54 MODIFICATION TO OR CHANGE IN THE SURCHARGE AMOUNT.

55 (D) THE SURCHARGE PROVIDED FOR HEREIN SHALL BE COLLECTED PURSUANT TO
56 SECTION ELEVEN HUNDRED FIFTY-FIVE OF THIS CHAPTER.

1 S 3. Subdivision (a) of section 1261 of the tax law, as amended by
2 chapter 182 of the laws of 2005, is amended to read as follows:

3 (a) All taxes, penalties and interest imposed by cities, counties or
4 school districts under the authority of section twelve hundred ten,
5 twelve hundred eleven, twelve hundred twelve [or], twelve hundred
6 twelve-A, OR TWELVE HUNDRED NINETEEN of this article, which are
7 collected by the commissioner, shall be deposited daily with such
8 responsible banks, banking houses or trust companies, as may be desig-
9 nated by the state comptroller, to the credit of the comptroller, in
10 trust for the cities, counties or school districts imposing the tax or
11 for (i) the Nassau county interim finance authority or (ii) the Buffalo
12 fiscal stability authority or (iii) the Erie county fiscal stability
13 authority, created by the public authorities law, (i) to the extent that
14 net collections from taxes imposed by Nassau county are payable to the
15 Nassau county interim finance authority or (ii) to the extent that net
16 collections from taxes imposed by Erie county or by the city of Buffalo
17 are payable to the Buffalo fiscal stability authority or (iii) to the
18 extent that net collections from taxes imposed by Erie county are paya-
19 ble to the Erie county fiscal stability authority, or for any public
20 benefit corporation to which the tax may be payable pursuant to law.
21 Such deposits and deposits received pursuant to subdivision (b) of
22 section twelve hundred fifty-two of this article shall be kept in trust
23 and separate and apart from all other monies in the possession of the
24 comptroller. The comptroller shall require adequate security from all
25 such depositories of such revenue collected by the commissioner, includ-
26 ing the deposits received pursuant to subdivision (b) of section twelve
27 hundred fifty-two of this article. Any amount payable to such authori-
28 ties pursuant to the public authorities law shall, at the time it is
29 otherwise payable to (i) Nassau county, (ii) Erie county or the city of
30 Buffalo, or (iii) Erie county, respectively, as specified in this
31 section, be paid instead to such respective authority. Any amount paya-
32 ble to a public benefit corporation pursuant to law shall, at the time
33 it is otherwise payable to the taxing jurisdiction as specified in this
34 section, be paid instead to such public benefit corporation.

35 S 4. This act shall take effect on the ninetieth day after it shall
36 have become a law; provided, however, that effective immediately, a
37 county may act to adopt, amend or repeal local laws to enact the
38 surcharge authorized in section two of this act.

39 PART NN

40 Section 1. Paragraph 1 of subdivision (a) of section 1102 of the tax
41 law, as amended by section 8 of part W1 of chapter 109 of the laws of
42 2006, is amended to read as follows:

43 (1) Every distributor of motor fuel shall pay, as a prepayment on
44 account of the taxes imposed by this article and pursuant to the author-
45 ity of article twenty-nine of this chapter, a tax on each gallon of
46 motor fuel (i) which he imports or causes to be imported into this state
47 for use, distribution, storage or sale in the state or produces,
48 refines, manufactures or compounds in this state, IN ADDITION, PRIOR TO
49 DELIVERY TO A FILLING STATION EVERY DISTRIBUTOR OF MOTOR FUEL SHALL PAY
50 AS A PREPAYMENT AN AMOUNT THAT REFLECTS THE MOTOR FUEL PRICES POSTED AT
51 SUCH FILLING STATION ON THE DAY OF DELIVERY AND THE TAX RATE IN EFFECT
52 PURSUANT TO THE AUTHORITY OF THIS ARTICLE AND OF ARTICLE TWENTY-NINE OF
53 THIS CHAPTER LESS THE AMOUNT PAID PURSUANT TO SUBDIVISION (E) OF SECTION
54 ELEVEN HUNDRED ELEVEN OF THIS ARTICLE or (ii) if the tax has not been

1 imposed prior to its sale in this state, which he sells (which acts
2 shall in regard to motor fuel hereinafter in this article be encompassed
3 by the phrase "imported, manufactured or sold"), except when imported,
4 manufactured or sold under circumstances which preclude the collection
5 of such tax by reason of the United States constitution and of the laws
6 of the United States enacted pursuant thereto or when imported or manu-
7 factured by an organization described in paragraph one or two of subdi-
8 vision (a) of section eleven hundred sixteen of this article or a hospi-
9 tal included in the organizations described in paragraph four of such
10 subdivision for its own use and consumption and except kero-jet fuel
11 when imported by an airline for use in its airplanes, and except CNG,
12 and except hydrogen, and except E85 when delivered to a filling station
13 and placed in a storage tank of such filling station for such E85 to be
14 dispensed directly into a motor vehicle for use in the operation of such
15 vehicle.

16 S 2. Paragraph 1 of subdivision (a) of section 1102 of the tax law, as
17 amended by chapter 261 of the laws of 1988, is amended to read as
18 follows:

19 (1) Every distributor of motor fuel shall pay, as a prepayment on
20 account of the taxes imposed by this article and pursuant to the author-
21 ity of article twenty-nine of this chapter, a tax on each gallon of
22 motor fuel (i) which he imports or causes to be imported into this state
23 for use, distribution, storage or sale in the state or produces,
24 refines, manufactures or compounds in this state, IN ADDITION, PRIOR TO
25 DELIVERY TO A FILLING STATION EVERY DISTRIBUTOR OF MOTOR FUEL SHALL PAY
26 AS A PREPAYMENT AN AMOUNT THAT REFLECTS THE MOTOR FUEL PRICES POSTED AT
27 SUCH FILLING STATION ON THE DAY OF DELIVERY AND THE TAX RATE IN EFFECT
28 PURSUANT TO THE AUTHORITY OF THIS ARTICLE AND OF ARTICLE TWENTY-NINE OF
29 THIS CHAPTER LESS THE AMOUNT PAID PURSUANT TO SUBDIVISION (E) OF SECTION
30 ELEVEN HUNDRED ELEVEN OF THIS ARTICLE or (ii) if the tax has not been
31 imposed prior to its sale in this state, which he sells (which acts
32 shall in regard to motor fuel hereinafter in this article be encompassed
33 by the phrase "imported, manufactured or sold"), except when imported,
34 manufactured or sold under circumstances which preclude the collection
35 of such tax by reason of the United States constitution and of the laws
36 of the United States enacted pursuant thereto or when imported or manu-
37 factured by an organization described in paragraph one or two of subdi-
38 vision (a) of section eleven hundred sixteen of this article or a hospi-
39 tal included in the organizations described in paragraph four of such
40 subdivision for its own use and consumption and except kero-jet fuel
41 when imported by an airline for use in its airplanes.

42 S 3. Paragraph 2 of subdivision (a) of section 1102 of the tax law, as
43 amended by section 9 of part W of chapter 59 of the laws of 2013, is
44 amended to read as follows:

45 (2) Every distributor of diesel motor fuel shall pay, as a prepayment
46 on account of the taxes imposed by this article and pursuant to the
47 authority of article twenty-nine of this chapter, a tax upon the sale or
48 use of diesel motor fuel in this state. The tax shall be computed based
49 upon the number of gallons of diesel motor fuel sold or used. IN ADDI-
50 TION, PRIOR TO DELIVERY TO A FILLING STATION EVERY DISTRIBUTOR OF DIESEL
51 MOTOR FUEL SHALL PAY AS A PREPAYMENT AN AMOUNT THAT REFLECTS THE MOTOR
52 FUEL PRICES POSTED AT SUCH FILLING STATION ON THE DAY OF DELIVERY AND
53 THE TAX RATE IN EFFECT PURSUANT TO THE AUTHORITY OF THIS ARTICLE AND OF
54 ARTICLE TWENTY-NINE OF THIS CHAPTER LESS THE AMOUNT PAID PURSUANT TO
55 SUBDIVISION (E) OF SECTION ELEVEN HUNDRED ELEVEN OF THIS ARTICLE.
56 Provided, however, if the tax has not been imposed prior thereto, it

1 shall be imposed on the removal of highway diesel motor fuel from a
2 terminal, other than by pipeline, barge, tanker or other vessel, or the
3 delivery of diesel motor fuel to a retail service station. The
4 collection of such tax shall not be made applicable to the sale or use
5 of diesel motor fuel under circumstances which preclude the collection
6 of such tax by reason of the United States constitution and of laws of
7 the United States enacted pursuant thereto. The prepaid tax on diesel
8 motor fuel shall not apply to (i) the sale of non-highway Diesel motor
9 fuel to a person registered as a distributor of Diesel motor fuel other
10 than a sale to such person which involves a delivery at a filling
11 station or into a repository which is equipped with a hose or other
12 apparatus by which such fuel can be dispensed into the fuel tank of a
13 motor vehicle; (ii) the sale to or delivery at a filling station or
14 other retail vendor of water-white kerosene provided such filling
15 station or other retail vendor only sells such water-white kerosene
16 exclusively for heating purposes in containers of no more than twenty
17 gallons or to the sale of CNG or hydrogen; (iii) the sale of previously
18 untaxed qualified biodiesel, as defined in subdivision twenty-three of
19 section two hundred eighty-two of this chapter, to a person registered
20 under article twelve-A of this chapter as a distributor of Diesel motor
21 fuel other than (A) a retail sale to such person or (B) a sale to such
22 person which involves a delivery at a filling station or into a reposi-
23 tory which is equipped with a hose or other apparatus by which such
24 qualified biodiesel can be dispensed into the fuel tank of a motor vehi-
25 cle; or (iv) the sale of previously untaxed highway diesel motor fuel by
26 a person registered under article twelve-A of this chapter as a distrib-
27 utor of diesel motor fuel to a person registered under such article
28 twelve-A as a distributor of diesel motor fuel where the highway diesel
29 motor fuel is either: (A) being delivered by pipeline, railcar, barge,
30 tanker or other vessel to a terminal, the operator of which terminal is
31 registered under section two hundred eighty-three-b of this chapter, or
32 (B) within such a terminal where it has been so delivered. Provided,
33 however, that the exemption set forth in this subparagraph shall not
34 apply to any highway diesel motor fuel if it is removed from a terminal,
35 other than by pipeline, barge, tanker or other vessel.

36 S 4. Paragraph 2 of subdivision (a) of section 1102 of the tax law, as
37 amended by section 10 of part W of chapter 59 of the laws of 2013, is
38 amended to read as follows:

39 (2) Every distributor of diesel motor fuel shall pay, as a prepayment
40 on account of the taxes imposed by this article and pursuant to the
41 authority of article twenty-nine of this chapter, a tax upon the sale or
42 use of diesel motor fuel in this state. The tax shall be computed based
43 upon the number of gallons of diesel motor fuel sold or used. IN ADDI-
44 TION, PRIOR TO DELIVERY TO A FILLING STATION EVERY DISTRIBUTOR OF DIESEL
45 MOTOR FUEL SHALL PAY AS A PREPAYMENT AN AMOUNT THAT REFLECTS THE MOTOR
46 FUEL PRICES POSTED AT SUCH FILLING STATION ON THE DAY OF DELIVERY AND
47 THE TAX RATE IN EFFECT PURSUANT TO THE AUTHORITY OF THIS ARTICLE AND OF
48 ARTICLE TWENTY-NINE OF THIS CHAPTER LESS THE AMOUNT PAID PURSUANT TO
49 SUBDIVISION (E) OF SECTION ELEVEN HUNDRED ELEVEN OF THIS ARTICLE.
50 Provided, however, if the tax has not been imposed prior thereto, it
51 shall be imposed on the removal of highway diesel motor fuel from a
52 terminal, other than by pipeline, barge, tanker or other vessel, or the
53 delivery of diesel motor fuel to a retail service station. The
54 collection of such tax shall not be made applicable to the sale or use
55 of diesel motor fuel under circumstances which preclude the collection
56 of such tax by reason of the United States constitution and of laws of

1 the United States enacted pursuant thereto. The prepaid tax on diesel
2 motor fuel shall not apply to (i) the sale of non-highway Diesel motor
3 fuel to a person registered as a distributor of Diesel motor fuel other
4 than a sale to such person which involves a delivery at a filling
5 station or into a repository which is equipped with a hose or other
6 apparatus by which such fuel can be dispensed into the fuel tank of a
7 motor vehicle; (ii) the sale to or delivery at a filling station or
8 other retail vendor of water-white kerosene provided such filling
9 station or other retail vendor only sells such water-white kerosene
10 exclusively for heating purposes in containers of no more than twenty
11 gallons; (iii) the sale of previously untaxed qualified biodiesel, as
12 defined in subdivision twenty-three of section two hundred eighty-two of
13 this chapter to a person registered under article twelve-A of this chap-
14 ter as a distributor of Diesel motor fuel other than (A) a retail sale
15 to such person or (B) a sale to such person which involves a delivery at
16 a filling station or into a repository which is equipped with a hose or
17 other apparatus by which such qualified biodiesel can be dispensed into
18 the fuel tank of a motor vehicle; or (iv) the sale of previously untaxed
19 highway diesel motor fuel by a person registered under article twelve-A
20 of this chapter as a distributor of diesel motor fuel to a person regis-
21 tered under such article twelve-A as a distributor of diesel motor fuel
22 where the highway diesel motor fuel is either: (A) being delivered by
23 pipeline, railcar, barge, tanker or other vessel to a terminal, the
24 operator of which terminal is registered under section two hundred
25 eighty-three-b of this chapter, or (B) within such a terminal where it
26 has been so delivered. Provided, however, that the exemption set forth
27 in this subparagraph shall not apply to any highway diesel motor fuel
28 once it is removed from a terminal, other than by pipeline, barge, tank-
29 er or other vessel.

30 S 5. Paragraph 2 of subdivision (e) of section 1111 of the tax law, as
31 amended by section 6 of part M1 of chapter 109 of the laws of 2006, is
32 amended to read as follows:

33 (2) (i) Where the motor fuel is imported, manufactured or sold in, or
34 diesel motor fuel is sold or used in the region referred to in subpara-
35 graph (i) of paragraph one of this subdivision, the tax required to be
36 prepaid pursuant to section eleven hundred two of this article on each
37 gallon of such fuel shall be [fourteen and three-quarters] EIGHTEEN
38 cents.

39 (ii) Where motor fuel is imported, manufactured or sold in, or diesel
40 motor fuel is sold or used in the region referred to in subparagraph
41 (ii) of paragraph one of this subdivision, the tax required to be
42 prepaid pursuant to section eleven hundred two of this article on each
43 gallon of such fuel shall be [fourteen] SIXTEEN cents.

44 S 6. This act shall take effect on the first day of the sales tax
45 quarter next succeeding the thirtieth day after the date on which it
46 shall have become a law; provided that;

47 1. the amendments to paragraph 1 of subdivision (a) of section 1102 of
48 the tax law made by section one of this act shall be subject to the
49 expiration and reversion of such paragraph pursuant to section 19 of
50 part W1 of chapter 109 of the laws of 2006, as amended, when upon such
51 date the provisions of section two of this act shall take effect;

52 2. the amendments to paragraph 2 of subdivision (a) of section 1102 of
53 the tax law made by section three of this act shall be subject to the
54 expiration and reversion of such paragraph pursuant to section 19 of
55 part W1 of chapter 109 of the laws of 2006, as amended, when upon such
56 date the provisions of section four of this act shall take effect; and

1 3. section five of this act shall take effect on the sixtieth day
2 after it shall have become a law.

3 PART OO

4 Section 1. Paragraphs 3 and 4 of subsection (b) of section 800 of the
5 tax law, paragraph 3 as amended and paragraph 4 as added by section 1 of
6 part B of chapter 56 of the laws of 2011, are amended and a new para-
7 graph 5 is added to read as follows:

8 (3) an interstate agency or public corporation created pursuant to an
9 agreement or compact with another state or the Dominion of Canada; [or]

10 (4) [Any] ANY eligible educational institution. An "eligible educa-
11 tional institution" shall mean any public school district, a board of
12 cooperative educational services, a public elementary or secondary
13 school, a school approved pursuant to article eighty-five or eighty-nine
14 of the education law to serve students with disabilities of school age,
15 or a nonpublic elementary or secondary school that provides instruction
16 in grade one or above[.]; OR

17 (5) ANY COUNTY, TOWN, CITY, VILLAGE OR OTHER POLITICAL SUBDIVISION
18 EXCEPT A CITY WITH A POPULATION OF ONE MILLION INHABITANTS OR MORE.

19 S 2. This act shall take effect immediately.

20 PART PP

21 Section 1. Subparagraph (A) of paragraph 1 of subsection (oo) of
22 section 606 of the tax law, as amended by section 1 of part F of chapter
23 59 of the laws of 2013, is amended to read as follows:

24 (A) For taxable years beginning on or after January first, two thou-
25 sand ten and before January first, two thousand twenty, a taxpayer shall
26 be allowed a credit as hereinafter provided, against the tax imposed by
27 this article, in an amount equal to one hundred percent of the amount of
28 credit allowed the taxpayer with respect to a certified historic struc-
29 ture under subsection (a) (2) of section 47 of the federal internal
30 revenue code with respect to a certified historic structure located
31 within the state. Provided, however, the credit shall not exceed [five]
32 SEVEN million dollars IN STATE FISCAL YEAR TWO THOUSAND SIXTEEN--TWO
33 THOUSAND SEVENTEEN, NINE MILLION DOLLARS IN STATE FISCAL YEAR TWO THOU-
34 SAND SEVENTEEN--TWO THOUSAND EIGHTEEN AND TWELVE MILLION DOLLARS IN
35 STATE FISCAL YEAR TWO THOUSAND EIGHTEEN--TWO THOUSAND NINETEEN. For
36 taxable years beginning on or after January first, two thousand twenty,
37 a taxpayer shall be allowed a credit as hereinafter provided, against
38 the tax imposed by this article, in an amount equal to thirty percent of
39 the amount of credit allowed the taxpayer with respect to a certified
40 historic structure under subsection (a)(2) of section 47 of the federal
41 internal revenue code with respect to a certified historic structure
42 located within the state; provided, however, the credit shall not exceed
43 one hundred thousand dollars.

44 S 2. Subparagraph (A) of paragraph 1 of subdivision 40 of section 210
45 of the tax law, as amended by section 2 of part F of chapter 59 of the
46 laws of 2013, is amended to read as follows:

47 (A) For taxable years beginning on or after January first, two thou-
48 sand ten and before January first, two thousand twenty, a taxpayer shall
49 be allowed a credit as hereinafter provided, against the tax imposed by
50 this article, in an amount equal to one hundred percent of the amount of
51 credit allowed the taxpayer with respect to a certified historic struc-
52 ture under subsection (a) (2) of section 47 of the federal internal

1 revenue code with respect to a certified historic structure located
2 within the state. Provided, however, the credit shall not exceed [five]
3 SEVEN million dollars IN STATE FISCAL YEAR TWO THOUSAND SIXTEEN--TWO
4 THOUSAND SEVENTEEN, NINE MILLION DOLLARS IN STATE FISCAL YEAR TWO THOU-
5 SAND SEVENTEEN--TWO THOUSAND EIGHTEEN AND TWELVE MILLION DOLLARS IN
6 STATE FISCAL YEAR TWO THOUSAND EIGHTEEN--TWO THOUSAND NINETEEN. For
7 taxable years beginning on or after January first, two thousand twenty,
8 a taxpayer shall be allowed a credit as hereinafter provided, against
9 the tax imposed by this article, in an amount equal to thirty percent of
10 the amount of credit allowed the taxpayer with respect to a certified
11 historic structure under subsection (a)(2) of section 47 of the federal
12 internal revenue code with respect to a certified historic structure
13 located within the state. Provided, however, the credit shall not exceed
14 one hundred thousand dollars.

15 S 3. Subparagraph (A) of paragraph 1 of subsection (u) of section 1456
16 of the tax law, as amended by section 3 of part F of chapter 59 of the
17 laws of 2013, is amended to read as follows:

18 (A) For taxable years beginning on or after January first, two thou-
19 sand ten and before January first, two thousand twenty, a taxpayer shall
20 be allowed a credit as hereinafter provided, against the tax imposed by
21 this article, in an amount equal to one hundred percent of the amount of
22 credit allowed the taxpayer with respect to a certified historic struc-
23 ture under subsection (a)(2) of section 47 of the federal internal
24 revenue code with respect to a certified historic structure located
25 within the state. Provided, however, the credit shall not exceed [five]
26 SEVEN million dollars IN STATE FISCAL YEAR TWO THOUSAND SIXTEEN--TWO
27 THOUSAND SEVENTEEN, NINE MILLION DOLLARS IN STATE FISCAL YEAR TWO THOU-
28 SAND SEVENTEEN--TWO THOUSAND EIGHTEEN AND TWELVE MILLION DOLLARS IN
29 STATE FISCAL YEAR TWO THOUSAND EIGHTEEN--TWO THOUSAND NINETEEN. For
30 taxable years beginning on or after January first, two thousand twenty,
31 a taxpayer shall be allowed a credit as hereinafter provided, against
32 the tax imposed by this article, in an amount equal to thirty percent of
33 the amount of credit allowed the taxpayer with respect to a certified
34 historic structure under subsection (a)(2) of section 47 of the federal
35 internal revenue code with respect to a certified historic structure
36 located within the state. Provided, however, the credit shall not exceed
37 one hundred thousand dollars.

38 S 4. Subparagraph (A) of paragraph 1 of subdivision (y) of section
39 1511 of the tax law, as amended by section 4 of part F of chapter 59 of
40 the laws of 2013, is amended to read as follows:

41 (A) For taxable years beginning on or after January first, two thou-
42 sand ten and before January first, two thousand twenty, a taxpayer shall
43 be allowed a credit as hereinafter provided, against the tax imposed by
44 this article, in an amount equal to one hundred percent of the amount of
45 credit allowed the taxpayer with respect to a certified historic struc-
46 ture under subsection (a)(2) of section 47 of the federal internal
47 revenue code with respect to a certified historic structure located
48 within the state. Provided, however, the credit shall not exceed [five]
49 SEVEN million dollars IN STATE FISCAL YEAR TWO THOUSAND SIXTEEN--TWO
50 THOUSAND SEVENTEEN, NINE MILLION DOLLARS IN STATE FISCAL YEAR TWO THOU-
51 SAND SEVENTEEN--TWO THOUSAND EIGHTEEN AND TWELVE MILLION DOLLARS IN
52 STATE FISCAL YEAR TWO THOUSAND EIGHTEEN--TWO THOUSAND NINETEEN. For
53 taxable years beginning on or after January first, two thousand twenty,
54 a taxpayer shall be allowed a credit as hereinafter provided, against
55 the tax imposed by this article, in an amount equal to thirty percent of
56 the amount of credit allowed the taxpayer with respect to a certified

1 historic structure under subsection (a)(2) of section 47 of the federal
2 internal revenue code with respect to a certified historic structure
3 located within the state. Provided, however, the credit shall not exceed
4 one hundred thousand dollars.

5 S 5. This act shall take effect immediately and shall apply to taxable
6 years beginning on and after January 1, 2014 provided that this act
7 shall expire and be deemed repealed on and after December 31, 2020.

8 PART QQ

9 Section 1. Legislative intent. The legislature hereby finds that this
10 amendment of the laws governing the security necessary to stay enforce-
11 ment of a judgment while on appeal is necessary to preserve the revenue
12 stream to the state provided under the master settlement agreement.

13 S 2. The civil practice law and rules is amended by adding a new
14 section 5519-a to read as follows:

15 S 5519-A. STAY OF ENFORCEMENT FOR MASTER SETTLEMENT AGREEMENT PARTIC-
16 IPATING AND NON-PARTICIPATING MANUFACTURERS OR THEIR SUCCESSORS. (A) IN
17 CIVIL LITIGATION UNDER ANY LEGAL THEORY THAT INVOLVES A PARTICIPATING OR
18 NON-PARTICIPATING MANUFACTURER, AS THOSE TERMS ARE DEFINED IN THE MASTER
19 SETTLEMENT AGREEMENT, OR ANY OF THEIR PARENTS OR SUCCESSORS, THE UNDER-
20 TAKING REQUIRED DURING THE PENDENCY OF ALL APPEALS OR DISCRETIONARY
21 REVIEWS BY ANY APPELLATE COURTS IN ORDER TO STAY THE EXECUTION OF ANY
22 JUDGMENT OR ORDER GRANTING LEGAL, EQUITABLE OR OTHER RELIEF DURING THE
23 ENTIRE COURSE OF APPELLATE REVIEW, INCLUDING REVIEW BY THE UNITED STATES
24 SUPREME COURT, SHALL BE SET PURSUANT TO THE APPLICABLE PROVISIONS OF LAW
25 OR COURT RULES; PROVIDED, HOWEVER, THAT THE TOTAL UNDERTAKING REQUIRED
26 OF ALL APPELLANTS COLLECTIVELY SHALL NOT EXCEED TWO HUNDRED FIFTY
27 MILLION DOLLARS, REGARDLESS OF THE VALUE OF THE JUDGMENT APPEALED.
28 WHERE THE COURT SETS THE UNDERTAKING IN AN AMOUNT LESS THAN THE JUDG-
29 MENT, THE APPEAL SHALL BE DILIGENTLY PROSECUTED IN GOOD FAITH. IF THE
30 APPEAL IS NOT DILIGENTLY PROSECUTED IN GOOD FAITH, THE COURT MAY LIFT
31 THE STAY OF ENFORCEMENT. IN ADDITION, IF A DEFENDANT FAILS TO MAKE ANY
32 PAYMENTS TO THE STATE OR ITS POLITICAL SUBDIVISIONS AS MAY BE REQUIRED
33 UNDER THE MASTER SETTLEMENT AGREEMENT, EXCEPT FOR PAYMENTS THAT ARE
34 DISPUTED IN GOOD FAITH, THE COURT SHALL HAVE DISCRETION TO LIFT THE STAY
35 OF ENFORCEMENT.

36 (B) NOTWITHSTANDING THE PROVISIONS OF SUBDIVISION (A) OF THIS SECTION,
37 UPON A FINDING BY THE COURT THAT AN APPELLANT IS DISSIPATING ASSETS
38 OUTSIDE THE COURSE OF ORDINARY BUSINESS TO AVOID PAYMENT OF A JUDGMENT,
39 THE COURT MAY LIFT THE STAY OF ENFORCEMENT OR REQUIRE THE APPELLANT TO
40 POST A BOND IN AN AMOUNT UP TO THE TOTAL AMOUNT OF THE JUDGMENT.

41 (C) UPON A SHOWING OF GOOD CAUSE THAT THE APPELLANT IS NOT DILIGENTLY
42 PROSECUTING THE APPEAL IN GOOD FAITH AS SET FORTH IN SUBDIVISION (A) OF
43 THIS SECTION OR IS DISSIPATING ASSETS AS SET FORTH IN SUBDIVISION (B) OF
44 THIS SECTION, AN APPELLATE COURT MAY LIFT THE STAY OF ENFORCEMENT OR
45 REQUIRE APPELLANT TO POST A BOND IN AN AMOUNT UP TO THE TOTAL AMOUNT OF
46 THE JUDGMENT.

47 (D) AS USED IN THIS SECTION, "MASTER SETTLEMENT AGREEMENT" SHALL HAVE
48 THE SAME MEANING AS SET FORTH IN SUBDIVISION FIVE OF SECTION THIRTEEN
49 HUNDRED NINETY-NINE-OO OF THE PUBLIC HEALTH LAW.

50 (E) NOTHING CONTAINED IN THIS SECTION SHALL BE READ TO ALLOW: (I)
51 SUCH PARTICIPATING MANUFACTURER TO CURTAIL ITS FINANCIAL OBLIGATION
52 UNDER THE MASTER SETTLEMENT AGREEMENT; OR (II) SUCH NON-PARTICIPATING
53 MANUFACTURER TO CURTAIL ITS OBLIGATION TO PLACE THE AMOUNTS SPECIFIED IN
54 SUBDIVISION TWO OF SECTION THIRTEEN HUNDRED NINETY-NINE-PP OF THE PUBLIC

1 HEALTH LAW INTO A QUALIFIED ESCROW FUND AS DEFINED IN SUBDIVISION SIX OF
2 SECTION THIRTEEN HUNDRED NINETY-NINE-OO OF THE PUBLIC HEALTH LAW.

3 S 3. This act shall take effect on the thirtieth day after it shall
4 have become a law, and shall apply to any cause of action pending on or
5 filed on or after such effective date.

6 PART RR

7 Section 1. Paragraph 34 of subdivision (b) of section 1101 of the tax
8 law is REPEALED.

9 S 2. Paragraph 10 of subdivision (c) of section 1105 of the tax law is
10 REPEALED.

11 S 3. Subdivision (1) of section 1106 of the tax law is REPEALED.

12 S 4. Subdivision (o) of section 1111 of the tax law is REPEALED.

13 S 5. Section 1213 of the tax law, as amended by section 2 of part WW
14 of chapter 57 of the laws of 2010, is amended to read as follows:

15 S 1213. Deliveries outside the jurisdiction where sale is made. Where
16 a sale of tangible personal property or services, including prepaid
17 telephone calling services, but not including other services described
18 in subdivision (b) of section eleven hundred five of this chapter,
19 including an agreement therefor, is made in any city, county or school
20 district, but the property sold, the property upon which the services
21 were performed or prepaid telephone calling or other service is or will
22 be delivered to the purchaser elsewhere, such sale shall not be subject
23 to tax by such city, county or school district. However, if delivery
24 occurs or will occur in a city, county or school district imposing a tax
25 on the sale or use of such property, prepaid telephone calling or other
26 services, the vendor shall be required to collect from the purchaser, as
27 provided in section twelve hundred fifty-four of this article, the
28 aggregate sales or compensating use taxes imposed by the city, if any,
29 county and school district in which delivery occurs or will occur, for
30 distribution by the commissioner to such taxing jurisdiction or juris-
31 dictions. For the purposes of this section delivery shall be deemed to
32 include transfer of possession to the purchaser and the receiving of the
33 property or of the service, including prepaid telephone calling service,
34 by the purchaser. [Notwithstanding the foregoing, where a transportation
35 service described in paragraph ten of subdivision (c) of section eleven
36 hundred five of this chapter begins in one jurisdiction but ends in
37 another jurisdiction, any tax imposed pursuant to the authority of this
38 article shall be due the jurisdiction or jurisdictions where the service
39 commenced.]

40 S 6. This act shall take effect immediately and shall apply to the
41 quarterly period, as described in subdivision (b) of section 1136 of the
42 tax law, next commencing September 1, 2015 and shall apply in accordance
43 with the applicable transitional provisions in sections 1106 and 1217 of
44 the tax law.

45 PART SS

46 Section 1. Paragraph 1 of subdivision (a) of section 1115 of the tax
47 law, as amended by section 1 of part O of chapter 63 of the laws of
48 2000, is amended to read as follows:

49 (1) Food, food products, beverages, dietary foods and health supple-
50 ments, sold for human consumption but not including (i) candy and
51 confectionery, (ii) fruit drinks which contain less than seventy percent
52 of natural fruit juice, (iii) soft drinks, sodas and beverages such as

are ordinarily dispensed at soda fountains or in connection therewith (other than coffee, tea and cocoa) and (iv) beer, wine or other alcoholic beverages, all of which shall be subject to the retail sales and compensating use taxes, whether or not the item is sold in liquid form. The food and drink excluded from the exemption provided by this paragraph under subparagraphs (i), (ii) and (iii) of this paragraph shall be exempt under this paragraph when sold for [seventy-five cents] ONE DOLLAR AND FIFTY CENTS or less through any vending machine activated by the use of coin, currency, credit card or debit card. With the exception of the provision in this paragraph providing for an exemption for certain food or drink sold for [seventy-five cents] ONE DOLLAR AND FIFTY CENTS or less through vending machines, nothing herein shall be construed as exempting food or drink from the tax imposed under subdivision (d) of section eleven hundred five OF THIS ARTICLE.

S 2. This act shall take effect April 1, 2014.

PART TT

Section 1. The tax law is amended by adding a new section 24-a to read as follows:

S 24-A. MUSICAL AND THEATRICAL PRODUCTION CREDIT. (A) (1) ALLOWANCE OF CREDIT. A TAXPAYER WHICH IS A QUALIFIED PRODUCTION FACILITY, OR WHICH IS A SOLE PROPRIETOR OF OR A MEMBER OF A PARTNERSHIP WHICH IS A QUALIFIED PRODUCTION FACILITY, AND WHICH SUBJECT TO TAX UNDER ARTICLE NINE-A OR TWENTY-TWO OF THIS CHAPTER, SHALL BE ALLOWED A CREDIT AGAINST SUCH TAX, PURSUANT TO THE PROVISIONS REFERRED TO IN SUBDIVISION (C) OF THIS SECTION, AND TO BE COMPUTED AS PROVIDED IN THIS SECTION.

(2) THE AMOUNT OF THE CREDIT SHALL BE THE PRODUCT (OR PRO RATA SHARE OF THE PRODUCT, IN THE CASE OF A MEMBER OF A PARTNERSHIP) OF TWENTY-FIVE PERCENT AND THE SUM OF THE PRODUCTION AND PERFORMANCE EXPENDITURES AND THE TRANSPORTATION EXPENDITURES. IF THE AMOUNT OF THE CREDIT IS AT LEAST ONE MILLION DOLLARS BUT LESS THAN FIVE MILLION DOLLARS, THE CREDIT SHALL BE CLAIMED OVER A TWO YEAR PERIOD BEGINNING IN THE FIRST TAXABLE YEAR IN WHICH THE CREDIT MAY BE CLAIMED AND IN THE NEXT SUCCEEDING TAXABLE YEAR, WITH ONE-HALF OF THE AMOUNT OF CREDIT ALLOWED BEING CLAIMED IN EACH YEAR. IF THE AMOUNT OF THE CREDIT IS AT LEAST FIVE MILLION DOLLARS, THE CREDIT SHALL BE CLAIMED OVER A THREE YEAR PERIOD BEGINNING IN THE FIRST TAXABLE YEAR IN WHICH THE CREDIT MAY BE CLAIMED AND IN THE NEXT TWO SUCCEEDING TAXABLE YEARS, WITH ONE-THIRD OF THE AMOUNT OF THE CREDIT ALLOWED BEING CLAIMED IN EACH YEAR.

(3) NO PRODUCTION AND PERFORMANCE EXPENDITURES OR TRANSPORTATION EXPENDITURES USED BY A TAXPAYER EITHER AS THE BASIS FOR THE ALLOWANCE OF THE CREDIT PROVIDED FOR PURSUANT TO THIS SECTION OR USED IN THE CALCULATION OF THE CREDIT PROVIDED PURSUANT TO THIS SECTION SHALL BE USED BY SUCH TAXPAYER TO CLAIM ANY OTHER CREDIT ALLOWED PURSUANT TO THIS CHAPTER.

(B) DEFINITIONS. AS USED IN THIS SECTION, THE FOLLOWING TERMS SHALL HAVE THE FOLLOWING MEANINGS:

(1) "ACCREDITED THEATER PRODUCTION" MEANS A FOR-PROFIT LIVE STAGE PRESENTATION IN A QUALIFIED PRODUCTION FACILITY AND CERTIFIED BY THE GOVERNOR'S OFFICE OF MOTION PICTURE AND TELEVISION DEVELOPMENT THAT IS EITHER: (I) A PRE-BROADWAY PRODUCTION, OR (II) A POST-BROADWAY PRODUCTION.

(2) "ADVERTISING AND PUBLIC RELATIONS EXPENDITURE" MEANS COSTS INCURRED WITHIN THE STATE BY THE ACCREDITED THEATER PRODUCTIONS FOR GOODS OR SERVICES RELATED TO THE NATIONAL MARKETING, PUBLIC RELATIONS,

1 CREATION AND PLACEMENT OF PRINT, ELECTRONIC, TELEVISION, BILLBOARDS AND
2 OTHER FORMS OF ADVERTISING TO PROMOTE THE ACCREDITED THEATER PRODUCTION.

3 (3) "PAYROLL" MEANS ALL SALARIES, WAGES, FEES, AND OTHER COMPENSATION
4 INCLUDING RELATED BENEFITS FOR SERVICES PERFORMED AND COSTS INCURRED
5 WITHIN THE STATE.

6 (4) "PRE-BROADWAY PRODUCTION" MEANS A LIVE STAGE PRODUCTION THAT, IN
7 ITS ORIGINAL OR ADAPTIVE VERSION, IS PERFORMED IN A QUALIFIED PRODUCTION
8 FACILITY HAVING A PRESENTATION SCHEDULED FOR BROADWAY'S THEATER DISTRICT
9 IN THE CITY OF NEW YORK WITHIN TWELVE MONTHS AFTER ITS PRESENTATION
10 OUTSIDE OF THE CITY OF NEW YORK.

11 (5) "POST-BROADWAY PRODUCTION" MEANS A LIVE STAGE PRODUCTION THAT, IN
12 ITS ORIGINAL OR ADAPTIVE VERSION, IS PERFORMED IN A QUALIFIED PRODUCTION
13 FACILITY AND OPENS ITS NATIONAL TOUR IN THIS STATE, BUT OUTSIDE OF THE
14 CITY OF NEW YORK, AFTER A PRESENTATION SCHEDULED FOR BROADWAY'S THEATER
15 DISTRICT IN THE CITY OF NEW YORK.

16 (6) "PRODUCTION AND PERFORMANCE EXPENDITURES" MEANS A CONTEMPORANEOUS
17 EXCHANGE OF CASH OR CASH EQUIVALENT FOR GOODS OR SERVICES RELATED TO
18 DEVELOPMENT, PRODUCTION, PERFORMANCE OR OPERATING EXPENDITURES INCURRED
19 IN THIS STATE FOR A QUALIFIED THEATER PRODUCTION INCLUDING, BUT NOT
20 LIMITED TO, EXPENDITURES FOR DESIGN, CONSTRUCTION AND OPERATION, INCLUD-
21 ING SETS, SPECIAL AND VISUAL EFFECTS, COSTUMES, WARDROBES, MAKE-UP,
22 ACCESSORIES, COSTS ASSOCIATED WITH SOUND, LIGHTING, STAGING, PAYROLL,
23 TRANSPORTATION EXPENDITURES, ADVERTISING AND PUBLIC RELATIONS EXPENDI-
24 TURES, FACILITY EXPENSES, RENTALS, PER DIEMS, ACCOMMODATIONS AND OTHER
25 RELATED COSTS.

26 (7) "QUALIFIED PRODUCTION FACILITY" MEANS A FACILITY LOCATED IN THE
27 STATE IN WHICH LIVE THEATRICAL PRODUCTIONS ARE, OR ARE INTENDED TO BE,
28 EXCLUSIVELY PRESENTED THAT CONTAINS AT LEAST ONE STAGE, A SEATING CAPAC-
29 ITY OF ONE THOUSAND FIVE HUNDRED OR MORE SEATS, AND DRESSING ROOMS,
30 STORAGE AREAS, AND OTHER ANCILLARY AMENITIES NECESSARY FOR THE ACCRED-
31 ITED THEATER PRODUCTION.

32 (8) (I) "TRANSPORTATION EXPENDITURES" MEANS EXPENDITURES FOR THE PACK-
33 AGING, CRATING, AND TRANSPORTATION BOTH TO THE STATE FOR USE IN A QUALI-
34 FIED THEATER PRODUCTION OF SETS, COSTUMES, OR OTHER TANGIBLE PROPERTY
35 CONSTRUCTED OR MANUFACTURED OUT OF STATE, AND/OR FROM THE STATE AFTER
36 USE IN A QUALIFIED THEATER PRODUCTION OF SETS, COSTUMES, OR OTHER TANGI-
37 BLE PROPERTY CONSTRUCTED OR MANUFACTURED IN THIS STATE AND THE TRANSPOR-
38 TATION OF THE CAST AND CREW TO AND FROM THE STATE. SUCH TERM SHALL
39 INCLUDE THE PACKAGING, CRATING, AND TRANSPORTING OF PROPERTY AND EQUIP-
40 MENT USED FOR SPECIAL AND VISUAL EFFECTS, SOUND, LIGHTING, AND STAGING,
41 COSTUMES, WARDROBES, MAKE-UP AND RELATED ACCESSORIES AND MATERIALS, AS
42 WELL AS ANY OTHER PERFORMANCE OR PRODUCTION-RELATED PROPERTY AND EQUIP-
43 MENT.

44 (II) TRANSPORTATION EXPENDITURES SHALL NOT INCLUDE ANY COSTS TO TRANS-
45 PORT PROPERTY AND EQUIPMENT TO BE USED ONLY FOR FILMING AND NOT IN A
46 QUALIFIED THEATER PRODUCTION, ANY INDIRECT COSTS, AND EXPENDITURES THAT
47 ARE LATER REIMBURSED BY A THIRD PARTY, OR ANY AMOUNTS THAT ARE PAID TO
48 PERSONS OR ENTITIES AS A RESULT OF THEIR PARTICIPATION IN PROFITS FROM
49 THE EXPLOITATION OF THE PRODUCTION.

50 (C) CROSS-REFERENCES. FOR APPLICATION OF THE CREDIT PROVIDED FOR IN
51 THIS SECTION, SEE THE FOLLOWING PROVISIONS OF THIS CHAPTER:

52 (1) ARTICLE 9-A: SECTION 210: SUBDIVISION 36-A.

53 (2) ARTICLE 22: SECTION 606: SUBSECTION (U).

54 (D) NOTWITHSTANDING ANY PROVISION OF THIS CHAPTER, EMPLOYEES AND OFFI-
55 CERS OF THE GOVERNOR'S OFFICE OF MOTION PICTURE AND TELEVISION DEVELOP-
56 MENT AND THE DEPARTMENT SHALL BE ALLOWED AND ARE DIRECTED TO SHARE AND

EXCHANGE INFORMATION REGARDING THE CREDITS APPLIED FOR, ALLOWED, OR CLAIMED PURSUANT TO THIS SECTION AND TAXPAYERS WHO ARE APPLYING FOR CREDITS OR WHO ARE CLAIMING CREDITS, INCLUDING INFORMATION CONTAINED IN OR DERIVED FROM CREDIT CLAIM FORMS SUBMITTED TO THE DEPARTMENT AND APPLICATIONS FOR CERTIFICATION SUBMITTED TO THE GOVERNOR'S OFFICE OF MOTION PICTURE AND TELEVISION DEVELOPMENT.

S 2. Section 210 of the tax law is amended by adding a new subdivision 36-a to read as follows:

36-A. MUSICAL AND THEATRICAL PRODUCTION CREDIT. (A) ALLOWANCE OF CREDIT. A TAXPAYER WHO IS ELIGIBLE PURSUANT TO SECTION TWENTY-FOUR-A OF THIS CHAPTER SHALL BE ALLOWED A CREDIT TO BE COMPUTED AS PROVIDED IN SUCH SECTION AGAINST THE TAX IMPOSED BY THIS ARTICLE.

(B) THE CREDIT ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR SHALL NOT REDUCE THE TAX DUE FOR SUCH YEAR TO LESS THAN THE AMOUNT PRESCRIBED IN PARAGRAPH (D) OF SUBDIVISION ONE OF THIS SECTION. PROVIDED, HOWEVER, THAT IF THE AMOUNT OF THE CREDIT ALLOWABLE UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR REDUCES THE TAX TO SUCH AMOUNT, THE EXCESS SHALL BE TREATED AS AN OVERPAYMENT OF TAX TO BE CREDITED OR REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF SECTION ONE THOUSAND EIGHTY-SIX OF THIS CHAPTER. PROVIDED, FURTHER, THE PROVISIONS OF SUBSECTION (C) OF SECTION ONE THOUSAND EIGHTY-EIGHT OF THIS CHAPTER NOTWITHSTANDING, NO INTEREST SHALL BE PAID THEREON.

S 3. Subparagraph (B) of paragraph 1 of subsection (i) of section 606 of the tax law is amended by adding a new clause (xxxvii) to read as follows:

(XXXVII) MUSICAL AND THEATRICAL	AMOUNT OF CREDIT FOR
PRODUCTION CREDIT UNDER	THE SUM OF THE PRODUCTION AND
SUBSECTION (U)	PERFORMANCE EXPENDITURES AND
	THE TRANSPORTATION EXPENDITURES
	IN AN ACCREDITED THEATRE
	PRODUCTION UNDER SUBDIVISION
	THIRTY-SIX-A OF SECTION TWO
	HUNDRED TEN

S 4. Section 606 of the tax law is amended by adding a new subsection (u) to read as follows:

(U) MUSICAL AND THEATRICAL PRODUCTION CREDIT. (1) ALLOWANCE OF CREDIT. A TAXPAYER WHO IS ELIGIBLE PURSUANT TO SECTION TWENTY-FOUR-A OF THIS CHAPTER SHALL BE ALLOWED A CREDIT TO BE COMPUTED AS PROVIDED IN SUCH SECTION AGAINST THE TAX IMPOSED BY THIS ARTICLE.

(2) APPLICATION OF CREDIT. IF THE AMOUNT OF THE CREDIT ALLOWABLE UNDER THIS SUBSECTION FOR ANY TAXABLE YEAR EXCEEDS THE TAXPAYER'S TAX FOR SUCH YEAR, THE EXCESS SHALL BE TREATED AS AN OVERPAYMENT OF TAX TO BE CREDITED OR REFUNDED AS PROVIDED IN SECTION SIX HUNDRED EIGHTY-SIX OF THIS ARTICLE, PROVIDED, HOWEVER, THAT NO INTEREST SHALL BE PAID THEREON.

S 5. This act shall take effect January 1, 2015.

PART UU

Section 1. Subsections (yy) and (zz) of section 606 of the tax law, as relettered by section 5 of part H of chapter 1 of the laws of 2003, are relettered subsections (yyy) and (zzz) and a new subsection (xx) is added to read as follows:

(XX) CREDIT FOR REHABILITATION OF DISTRESSED COMMERCIAL PROPERTIES. (1) FOR TAXABLE YEARS BEGINNING ON OR AFTER JANUARY FIRST, TWO THOUSAND FOURTEEN, A TAXPAYER SHALL BE ALLOWED A CREDIT AS HEREINAFTER PROVIDED, AGAINST THE TAX IMPOSED BY THIS ARTICLE, IN AN AMOUNT EQUAL TO THIRTY

1 PERCENT OF THE QUALIFIED REHABILITATION EXPENDITURES MADE BY THE TAXPAY-
2 ER WITH RESPECT TO A QUALIFIED DISTRESSED COMMERCIAL PROPERTY. PROVIDED,
3 HOWEVER, THE CREDIT SHALL NOT EXCEED ONE HUNDRED THOUSAND DOLLARS.

4 (2) TAX CREDITS ALLOWED PURSUANT TO THIS SUBSECTION SHALL BE ALLOWED
5 IN THE TAXABLE YEAR IN WHICH THE PROPERTY IS DEEMED A CERTIFIED REHABIL-
6 ITATION.

7 (3) IF THE AMOUNT OF THE CREDIT ALLOWABLE UNDER THIS SUBSECTION FOR
8 ANY TAXABLE YEAR SHALL EXCEED THE TAXPAYER'S TAX FOR SUCH YEAR, THE
9 EXCESS MAY BE CARRIED OVER TO THE FOLLOWING YEAR OR YEARS, AND MAY BE
10 APPLIED AGAINST THE TAXPAYER'S TAX FOR SUCH YEAR OR YEARS, BUT SHALL NOT
11 EXCEED TWENTY-FIVE THOUSAND DOLLARS.

12 (4) (A) THE TERM "QUALIFIED REHABILITATION EXPENDITURE" MEANS, FOR
13 PURPOSES OF THIS SUBSECTION, ANY AMOUNT PROPERLY CHARGEABLE TO A CAPITAL
14 ACCOUNT:

15 (I) IN CONNECTION WITH THE CERTIFIED REHABILITATION OF A QUALIFIED
16 DISTRESSED COMMERCIAL PROPERTY, AND

17 (II) FOR PROPERTY FOR WHICH DEPRECIATION WOULD BE ALLOWABLE UNDER
18 SECTION 168 OF THE INTERNAL REVENUE CODE.

19 (B) SUCH TERM SHALL NOT INCLUDE (I) THE COST OF ACQUIRING ANY BUILDING
20 OR INTEREST THEREIN, (II) ANY EXPENDITURE ATTRIBUTABLE TO THE ENLARGE-
21 MENT OF AN EXISTING BUILDING, OR (III) ANY EXPENDITURE MADE PRIOR TO
22 JANUARY FIRST, TWO THOUSAND FOURTEEN OR AFTER DECEMBER THIRTY-FIRST, TWO
23 THOUSAND NINETEEN.

24 (5) THE TERM "CERTIFIED REHABILITATION" MEANS, FOR PURPOSES OF THIS
25 SUBSECTION, ANY REHABILITATION OF A CERTIFIED DISTRESSED COMMERCIAL
26 PROPERTY WHICH HAS BEEN APPROVED AND CERTIFIED BY A LOCAL GOVERNMENT AS
27 BEING COMPLETED, WITH A CERTIFICATE OF OCCUPANCY ISSUED, AND THAT THE
28 COSTS ARE CONSISTENT WITH THE WORK COMPLETED. SUCH CERTIFICATION SHALL
29 BE ACCEPTABLE AS PROOF THAT THE EXPENDITURES RELATED TO SUCH REHABILI-
30 TATION QUALIFY AS QUALIFIED REHABILITATION EXPENDITURES FOR PURPOSES OF
31 THE CREDIT ALLOWED UNDER PARAGRAPH ONE OF THIS SUBSECTION.

32 (6) (A) THE TERM "QUALIFIED DISTRESSED COMMERCIAL PROPERTY" MEANS, FOR
33 PURPOSES OF THIS SUBSECTION, A DISTRESSED COMMERCIAL PROPERTY LOCATED
34 WITHIN NEW YORK STATE:

35 (I) WHICH HAS BEEN SUBSTANTIALLY REHABILITATED,

36 (II) WHICH IS OWNED BY THE TAXPAYER, AND

37 (III) WHICH IS LOCATED WITHIN A DISTRESSED COMMERCIAL AREA, AS IDENTI-
38 FIED BY EACH LOCALITY THROUGH LOCAL LAW, THAT IS DEEMED AN AREA IN NEED
39 OF COMMUNITY RENEWAL DUE TO DILAPIDATION AND VACANCIES.

40 (B) IF THE DISTRESSED COMMERCIAL PROPERTY IS RENTAL PROPERTY, SUCH
41 PROPERTY SHALL HAVE BEEN MORE THAN THIRTY PERCENT VACANT FOR TWELVE
42 MONTHS WHILE ACTIVELY MARKETING FOR LEASE.

43 (C) A BUILDING SHALL BE TREATED AS HAVING BEEN "SUBSTANTIALLY REHABIL-
44 ITATED" IF THE QUALIFIED REHABILITATION EXPENDITURES IN RELATION TO SUCH
45 BUILDING TOTAL TEN THOUSAND DOLLARS OR MORE.

46 (7) (A) IF THE TAXPAYER DISPOSES OF SUCH TAXPAYER'S INTEREST IN THE
47 QUALIFIED DISTRESSED COMMERCIAL PROPERTY, OR SUCH PROPERTY CEASES TO BE
48 USED AS A COMMERCIAL PROPERTY OF THE TAXPAYER WITHIN FIVE YEARS OF
49 RECEIVING THE CREDIT UNDER THIS SUBSECTION, THE TAXPAYER'S TAX IMPOSED
50 BY THIS ARTICLE FOR THE TAXABLE YEAR IN WHICH SUCH DISPOSITION OR CESSA-
51 TION OCCURS SHALL BE INCREASED BY THE RECAPTURE PORTION OF THE CREDIT
52 ALLOWED UNDER THIS SUBSECTION FOR ALL PRIOR TAXABLE YEARS WITH RESPECT
53 TO SUCH REHABILITATION.

54 (B) FOR PURPOSES OF SUBPARAGRAPH (A) OF THIS PARAGRAPH, THE RECAPTURE
55 PORTION SHALL BE THE PRODUCT OF THE AMOUNT OF CREDIT CLAIMED BY THE
56 TAXPAYER MULTIPLIED BY A RATIO, THE NUMERATOR OF WHICH IS EQUAL TO SIXTY

1 LESS THE NUMBER OF MONTHS THE BUILDING IS OWNED OR USED AS COMMERCIAL
2 PROPERTY BY THE TAXPAYER AND THE DENOMINATOR OF WHICH IS SIXTY.

3 S 2. Subparagraph (B) of paragraph 1 of subsection (i) of section 606
4 of the tax law is amended by adding a new clause (xxxvii) to read as
5 follows:

6 (XXXVII) CREDIT FOR REHABILITATION	AMOUNT OF CREDIT UNDER
7 OF DISTRESSED COMMERCIAL PROPERTIES	SUBDIVISION FORTY-EIGHT
8 UNDER SUBSECTION (XX)	OF SECTION TWO HUNDRED TEN

9 S 3. Section 210 of the tax law is amended by adding a new subdivision
10 48 to read as follows:

11 48. CREDIT FOR REHABILITATION OF DISTRESSED COMMERCIAL PROPERTIES. (1)
12 FOR TAXABLE YEARS BEGINNING ON OR AFTER JANUARY FIRST, TWO THOUSAND
13 FOURTEEN, A TAXPAYER SHALL BE ALLOWED A CREDIT AS HEREINAFTER PROVIDED,
14 AGAINST THE TAX IMPOSED BY THIS ARTICLE, IN AN AMOUNT EQUAL TO THIRTY
15 PERCENT OF THE QUALIFIED REHABILITATION EXPENDITURES MADE BY THE TAXPAY-
16 ER WITH RESPECT TO A QUALIFIED DISTRESSED COMMERCIAL PROPERTY. PROVIDED,
17 HOWEVER, THE CREDIT SHALL NOT EXCEED ONE HUNDRED THOUSAND DOLLARS.

18 (2) TAX CREDITS ALLOWED PURSUANT TO THIS SUBDIVISION SHALL BE ALLOWED
19 IN THE TAXABLE YEAR IN WHICH THE PROPERTY IS DEEMED A CERTIFIED REHABIL-
20 ITATION.

21 (3) IF THE AMOUNT OF THE CREDIT ALLOWABLE UNDER THIS SUBDIVISION FOR
22 ANY TAXABLE YEAR SHALL EXCEED THE TAXPAYER'S TAX FOR SUCH YEAR, THE
23 EXCESS MAY BE CARRIED OVER TO THE FOLLOWING YEAR OR YEARS, AND MAY BE
24 APPLIED AGAINST THE TAXPAYER'S TAX FOR SUCH YEAR OR YEARS, BUT SHALL NOT
25 EXCEED TWENTY-FIVE THOUSAND DOLLARS.

26 (4) (A) THE TERM "QUALIFIED REHABILITATION EXPENDITURE" MEANS, FOR
27 PURPOSES OF THIS SUBDIVISION, ANY AMOUNT PROPERLY CHARGEABLE TO A CAPI-
28 TAL ACCOUNT:

29 (I) IN CONNECTION WITH THE CERTIFIED REHABILITATION OF A QUALIFIED
30 COMMERCIAL PROPERTY, AND

31 (II) FOR PROPERTY FOR WHICH DEPRECIATION WOULD BE ALLOWABLE UNDER
32 SECTION 168 OF THE INTERNAL REVENUE CODE.

33 (B) SUCH TERM SHALL NOT INCLUDE (I) THE COST OF ACQUIRING ANY BUILDING
34 OR INTEREST THEREIN, (II) ANY EXPENDITURE ATTRIBUTABLE TO THE ENLARGE-
35 MENT OF AN EXISTING BUILDING, OR (III) ANY EXPENDITURE MADE PRIOR TO
36 JANUARY FIRST, TWO THOUSAND FOURTEEN OR AFTER DECEMBER THIRTY-FIRST, TWO
37 THOUSAND NINETEEN.

38 (5) THE TERM "CERTIFIED REHABILITATION" MEANS, FOR PURPOSES OF THIS
39 SUBDIVISION, ANY REHABILITATION OF A CERTIFIED DISTRESSED COMMERCIAL
40 PROPERTY WHICH HAS BEEN APPROVED AND CERTIFIED BY A LOCAL GOVERNMENT AS
41 BEING COMPLETED, WITH A CERTIFICATE OF OCCUPANCY ISSUED, AND THAT THE
42 COSTS ARE CONSISTENT WITH THE WORK COMPLETED. SUCH CERTIFICATION SHALL
43 BE ACCEPTABLE AS PROOF THAT THE EXPENDITURES RELATED TO SUCH REHABILI-
44 TATION QUALIFY AS QUALIFIED REHABILITATION EXPENDITURES FOR PURPOSES OF
45 THE CREDIT ALLOWED UNDER PARAGRAPH ONE OF THIS SUBDIVISION.

46 (6) (A) THE TERM "QUALIFIED DISTRESSED COMMERCIAL PROPERTY" MEANS, FOR
47 PURPOSES OF THIS SUBDIVISION, A DISTRESSED COMMERCIAL PROPERTY LOCATED
48 WITHIN NEW YORK STATE:

49 (I) WHICH HAS BEEN SUBSTANTIALLY REHABILITATED,

50 (II) WHICH IS OWNED BY THE TAXPAYER, AND

51 (III) WHICH IS LOCATED WITHIN A DISTRESSED COMMERCIAL AREA, AS IDENTI-
52 FIED BY EACH LOCALITY THROUGH LOCAL LAW, THAT IS DEEMED AN AREA IN NEED
53 OF COMMUNITY RENEWAL DUE TO DILAPIDATION AND VACANCIES.

54 (B) IF THE DISTRESSED COMMERCIAL PROPERTY IS RENTAL PROPERTY, SUCH
55 PROPERTY SHALL HAVE BEEN MORE THAN THIRTY PERCENT VACANT FOR TWELVE
56 MONTHS WHILE ACTIVELY MARKETING FOR LEASE.

(C) A BUILDING SHALL BE TREATED AS HAVING BEEN "SUBSTANTIALLY REHABILITATED" IF THE QUALIFIED REHABILITATION EXPENDITURES IN RELATION TO SUCH BUILDING TOTAL TEN THOUSAND DOLLARS OR MORE.

(7) (A) IF THE TAXPAYER DISPOSES OF SUCH TAXPAYER'S INTEREST IN THE QUALIFIED DISTRESSED COMMERCIAL PROPERTY, OR SUCH PROPERTY CEASES TO BE USED AS A COMMERCIAL PROPERTY OF THE TAXPAYER WITHIN FIVE YEARS OF RECEIVING THE CREDIT UNDER THIS SUBDIVISION, THE TAXPAYER'S TAX IMPOSED BY THIS ARTICLE FOR THE TAXABLE YEAR IN WHICH SUCH DISPOSITION OR CESSATION OCCURS SHALL BE INCREASED BY THE RECAPTURE PORTION OF THE CREDIT ALLOWED UNDER THIS SUBDIVISION FOR ALL PRIOR TAXABLE YEARS WITH RESPECT TO SUCH REHABILITATION.

(B) FOR PURPOSES OF SUBPARAGRAPH (A) OF THIS PARAGRAPH, THE RECAPTURE PORTION SHALL BE THE PRODUCT OF THE AMOUNT OF CREDIT CLAIMED BY THE TAXPAYER MULTIPLIED BY A RATIO, THE NUMERATOR OF WHICH IS EQUAL TO SIXTY LESS THE NUMBER OF MONTHS THE BUILDING IS OWNED OR USED AS COMMERCIAL PROPERTY BY THE TAXPAYER AND THE DENOMINATOR OF WHICH IS SIXTY.

S 4. This act shall take effect immediately and shall apply to taxable years beginning on or after January 1, 2014.

PART VV

Section 1. Subdivisions 2, 3, 4, 5 and 6 of section 4 of chapter 912 of the laws of 1920 relating to the regulation of boxing, sparring and wrestling, subdivisions 2 and 6 as amended by chapter 437 of the laws of 2002 and subdivisions 3, 4 and 5 as added by chapter 603 of the laws of 1981, are amended to read as follows:

2. The advisory board shall have power and it shall be the duty of the board to prepare and submit to the commission for approval regulations and standards for the physical examination of professional boxers AND PROFESSIONAL COMBATIVE SPORTS PARTICIPANTS including, without limitation, pre-fight and/or post-fight examinations and periodic comprehensive examinations. The board shall continue to serve in an advisory capacity to the commission and from time to time prepare and submit to the commission for approval, such additional regulations and standards of examination as in their judgment will safeguard the physical welfare of professional boxers licensed by the commission. The advisory board shall recommend to the commission from time to time such qualified physicians, for the purpose of conducting physical examinations of professional boxers AND PROFESSIONAL COMBATIVE SPORTS PARTICIPANTS and other services as the rules of the commission shall provide; and shall recommend to the commission a schedule of fees to be paid to physicians for such examinations and other services as required by this act.

3. The advisory board shall develop appropriate medical education programs for all commission personnel involved in the conduct of boxing and sparring matches or exhibitions OR PROFESSIONAL COMBATIVE SPORTS MATCHES OR EXHIBITIONS so that such personnel can recognize and act upon evidence of potential or actual adverse medical indications in a participant prior to or during the course of a match OR EXHIBITION.

4. The advisory board shall review the credentials and performance of each commission physician on an annual basis as a condition of reappointment of each such physician, including each such physician's comprehension of the medical literature on boxing OR PROFESSIONAL COMBATIVE SPORTS referred to in subdivision five of this section.

5. The advisory board shall recommend to the commission a compilation of medical publications on the medical aspects of boxing OR PROFESSIONAL COMBATIVE SPORTS which shall be maintained by the commission and be made

1 available for review to all commission personnel involved in the conduct
2 of any boxing or sparring match or exhibition OR PROFESSIONAL COMBATIVE
3 SPORTS MATCH OR EXHIBITION.

4 6. The advisory board shall also advise the commission on any study of
5 equipment, procedures or personnel which will, in their opinion, promote
6 the safety of boxing participants AND PROFESSIONAL COMBATIVE SPORTS
7 PARTICIPANTS.

8 S 2. Section 5-a of chapter 912 of the laws of 1920 relating to the
9 regulation of boxing, sparring and wrestling, as added by chapter 14 of
10 the laws of 1997, is amended to read as follows:

11 S 5-a. Combative sports. 1. DEFINITIONS. AS USED IN THIS SECTION:

12 (A) "BOARD" MEANS MEDICAL ADVISORY BOARD AS ESTABLISHED IN SECTION
13 FOUR OF THIS ACT.

14 (B) A "combative sport" shall mean any professional match or exhibi-
15 tion other than boxing, sparring, wrestling or martial arts wherein the
16 contestants deliver, or are not forbidden by the applicable rules there-
17 of from delivering kicks, punches or blows of any kind to the body of an
18 opponent or opponents. For the purposes of this section, the term
19 "martial arts" shall include any professional match or exhibition OF A
20 SINGLE DISCIPLINE sanctioned by AN ORGANIZATION APPROVED BY THE COMMIS-
21 SION, INCLUDING, BUT NOT LIMITED TO, any of the following organizations:
22 U.S. Judo Association, U.S. Judo, Inc., U.S. Judo Federation, U.S. Tae
23 Kwon Do Union, North American Sport Karate Association, U.S.A. Karate
24 Foundation, U.S. Karate, Inc., World Karate Association, Professional
25 Karate Association, Karate International, International Kenpo Associ-
26 ation, or World Wide Kenpo Association. The commission [is authorized
27 to] SHALL promulgate regulations which would establish a process to
28 allow for the inclusion or removal of martial arts organizations from
29 the above list. Such process shall include but not be limited to consid-
30 eration of the following factors: [(a)] (1) is the organization's
31 primary purpose to provide instruction in self defense techniques; [(b)]
32 (2) does the organization require the use of hand, feet and groin
33 protection during any competition or bout; and [(c)] (3) does the organ-
34 ization have an established set of rules that require the immediate
35 termination of any competition or bout when any participant has received
36 severe punishment or is in danger of suffering serious physical injury.

37 (C) "COMMISSION" MEANS THE STATE ATHLETIC COMMISSION AS PROVIDED FOR
38 IN SECTION ONE OF THIS CHAPTER OR AN AGENT OF THE COMMISSION ACTING ON
39 ITS BEHALF.

40 (D) "MIXED MARTIAL ARTS" MEANS ANY PROFESSIONAL COMBATIVE SPORTS
41 COMPETITION WHEREIN THE RULES OF SUCH COMPETITION SUBJECT TO THE APPLI-
42 CABLE LIMITATIONS AS SET FORTH BY THE COMMISSION AUTHORIZE PROFESSIONAL
43 COMBATIVE SPORTS MATCHES OR EXHIBITIONS BETWEEN VARIOUS FIGHTING DISCI-
44 PLINES, INCLUDING THE UTILIZATION OF PERMITTED MARTIAL ARTS TECHNIQUES,
45 INCLUDING STRIKING, KICKING AND GRAPPLING. NO NON-PROFESSIONAL OR
46 AMATEUR BOUT, EXHIBITION OR PARTICIPANT SHALL BE AUTHORIZED BY THIS
47 SECTION.

48 (E) "PROFESSIONAL COMBATIVE SPORTS PARTICIPANT" OR "PARTICIPANT" SHALL
49 MEAN A COMBATIVE SPORTS FIGHTER WHO COMPETES FOR A MONEY PRIZE OR TEACH-
50 ES OR PURSUES OR ASSISTS IN THE PRACTICE OF MIXED MARTIAL ARTS AS A
51 MEANS OF OBTAINING A LIVELIHOOD OR PECUNIARY GAIN, AND ANY CONTEST
52 CONFORMING TO THE RULES, REGULATIONS AND REQUIREMENTS OF THIS SECTION.

53 (F) "PROFESSIONAL COMBATIVE SPORTS MATCH OR EXHIBITION" SHALL MEAN ANY
54 MATCH OR EXHIBITION THAT MUST BE APPROVED BY THE COMMISSION WHERE
55 PROFESSIONAL COMBATIVE SPORTS PARTICIPANTS RECEIVE CONSIDERATION OF ANY
56 VALUE OR AN ADMISSION IS CHARGED.

1 1-A. COMMISSION REVIEW. THE COMMISSION SHALL REVIEW EACH MARTIAL ARTS
2 SANCTIONING ORGANIZATION, INCLUDING THOSE LISTED IN SUBDIVISION ONE OF
3 THIS SECTION, AT LEAST BIENNIALY, OR SOONER IF DETERMINED NECESSARY
4 BASED UPON THE PERIODIC COMPLIANCE CHECKS OR COMPLAINTS TO THE COMMIS-
5 SION, TO DETERMINE CONTINUATION OF THE COMMISSION'S APPROVAL. THE
6 COMMISSION SHALL CONTINUE APPROVAL OR SHALL SUSPEND OR REVOKE APPROVAL
7 BASED UPON COMPLIANCE OF THE ORGANIZATION WITH THE APPROVED SANCTIONING
8 STANDARDS AND ITS ABILITY TO SUPERVISE MATCHES IN THE STATE. THE
9 COMMISSION SHALL ACT UPON ANY APPLICATION FOR INCLUSION IN THE LIST IN
10 PARAGRAPH (B) OF SUBDIVISION ONE OF THIS SECTION WITHIN SIXTY DAYS OF
11 THE DATE SUCH APPLICATION IS MADE TO THE COMMISSION.

12 1-B. MIXED MARTIAL ARTS COMPETITION. THE COMMISSION SHALL PROMULGATE
13 RULES AND REGULATIONS TO ALLOW FOR MIXED MARTIAL ARTS COMPETITIONS TO BE
14 CONDUCTED, HELD, OR GIVEN WITHIN THE STATE OF NEW YORK AND SHALL ALLOW
15 FOR LICENSES TO BE APPROVED BY THE COMMISSION FOR SUCH MATCHES OR EXHI-
16 BITIONS. THE COMMISSION IS AUTHORIZED TO PROMULGATE RULES AND REGU-
17 LATIONS TO CARRY OUT THE PROVISIONS OF THIS SUBDIVISION. SUCH RULES AND
18 REGULATIONS SHALL INCLUDE, BUT NOT BE LIMITED TO, THE ADOPTION OF
19 UNIFIED RULES OF MIXED MARTIAL ARTS, A LICENSING PROCESS FOR MATCHES AND
20 EXHIBITIONS, A FEE SCHEDULE FOR SUCH LICENSES, PROCEDURES TO ALLOW FOR
21 THE PARTICIPATION, PROMOTION, AND ADVANCEMENT OF SUCH EVENTS, THE HEALTH
22 AND SAFETY OF PARTICIPANTS, AND THE BEST INTERESTS OF MIXED MARTIAL ARTS
23 AND THE ADOPTION OF RULES AND REGULATIONS FOR LICENSING AND REGULATION
24 OF ANY AND ALL GYMS, CLUBS, TRAINING CAMPS AND OTHER ORGANIZATIONS THAT
25 MAINTAIN TRAINING FACILITIES PROVIDING CONTACT SPARRING FOR PERSONS WHO
26 PREPARE FOR PARTICIPATION IN SUCH PROFESSIONAL COMBATIVE SPORTS OR EXHI-
27 BITIONS, EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION.

28 (B) THE COMMISSION IS AUTHORIZED AND DIRECTED TO REQUIRE THAT ALL
29 SITES WHEREIN PROFESSIONAL COMBATIVE SPORTS ARE CONDUCTED SHALL COMPLY
30 WITH STATE AND APPLICABLE LOCAL SANITARY CODES APPROPRIATE TO SCHOOL
31 ATHLETIC FACILITIES.

32 2. [No combative sport shall be conducted, held or given within the
33 state of New York, and no licenses may be approved by the commission for
34 such matches or exhibitions.

35 3. (a) A person who knowingly advances or profits from a combative
36 sport activity shall be guilty of a class A misdemeanor, and shall be
37 guilty of a class E felony if he or she has been convicted in the previ-
38 ous five years of violating this subdivision.

39 (b) A person advances a combative sport activity when, acting other
40 than as a spectator, he or she engages in conduct which materially aids
41 any combative sport. Such conduct includes but is not limited to conduct
42 directed toward the creation, establishment or performance of a comba-
43 tive sport, toward the acquisition or maintenance of premises, parapher-
44 nalia, equipment or apparatus therefor, toward the solicitation or
45 inducement of persons to attend or participate therein, toward the actu-
46 al conduct of the performance thereof, toward the arrangement of any of
47 its financial or promotional phases, or toward any other phase of a
48 combative sport. One advances a combative sport activity when, having
49 substantial proprietary or other authoritative control over premises
50 being used with his or her knowledge for purposes of a combative sport
51 activity, he or she permits such to occur or continue or makes no effort
52 to prevent its occurrence or continuation.

53 (c) A person profits from a combative sport activity when he or she
54 accepts or receives money or other property with intent to participate
55 in the proceeds of a combative sport activity, or pursuant to an agree-

ment or understanding with any person whereby he or she participates or is to participate in the proceeds of a combative sport activity.

(d) Any person who knowingly advances or profits from a combative sport activity shall also be subject to a civil penalty not to exceed for the first violation ten thousand dollars or twice the amount of gain derived therefrom whichever is greater, or for a subsequent violation twenty thousand dollars or twice the amount of gain derived therefrom whichever is greater. The attorney general is hereby empowered to commence judicial proceedings to recover such penalties and to obtain injunctive relief to enforce the provisions of this section.] PROFESSIONAL COMBATIVE SPORTS MATCHES AND EXHIBITIONS AUTHORIZED. NO COMBATIVE SPORTS MATCH OR EXHIBITION SHALL BE CONDUCTED, HELD OR GIVEN WITHIN THE STATE EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF THIS SECTION AND THE RULES AND REGULATIONS PROMULGATED BY THE COMMISSION PURSUANT THERETO. THE COMMISSION SHALL DIRECT A REPRESENTATIVE TO BE PRESENT AT EACH PLACE WHERE COMBATIVE SPORTS ARE TO BE HELD PURSUANT TO THE PROVISIONS OF THIS SECTION. SUCH REPRESENTATIVE SHALL ASCERTAIN THE EXACT CONDITIONS SURROUNDING SUCH MATCH OR EXHIBITION AND MAKE A WRITTEN REPORT OF THE SAME IN THE MANNER AND FORM PRESCRIBED BY THE COMMISSION. SUCH COMBATIVE SPORTS MATCHES OR EXHIBITIONS MAY BE HELD IN ANY BUILDING FOR WHICH THE COMMISSION IN ITS DISCRETION MAY ISSUE A LICENSE. WHERE SUCH MATCH OR EXHIBITION IS AUTHORIZED TO BE HELD IN A STATE OR CITY OWNED ARMORY, THE PROVISION OF THE MILITARY LAW IN RESPECT THERETO MUST BE COMPLIED WITH, BUT NO SUCH MATCH OR EXHIBITION SHALL BE HELD IN A BUILDING WHOLLY USED FOR RELIGIOUS SERVICES.

3. JURISDICTION OF COMMISSION. (A) THE COMMISSION SHALL HAVE AND HEREBY IS VESTED WITH THE SOLE DIRECTION, MANAGEMENT, CONTROL AND JURISDICTION OVER ALL PROFESSIONAL COMBATIVE SPORTS MATCHES OR EXHIBITIONS TO BE CONDUCTED, HELD OR GIVEN WITHIN THE STATE OF NEW YORK AND OVER ALL LICENSES TO ANY AND ALL PERSONS WHO PARTICIPATE IN SUCH COMBATIVE SPORTS MATCHES OR EXHIBITIONS AND OVER ANY AND ALL GYMS, CLUBS, TRAINING CAMPS AND OTHER ORGANIZATIONS THAT MAINTAIN TRAINING FACILITIES PROVIDING CONTACT SPARRING FOR PERSONS WHO PREPARE FOR PARTICIPATION IN SUCH PROFESSIONAL COMBATIVE SPORTS OR EXHIBITIONS, EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION.

(B) THE COMMISSION IS AUTHORIZED AND DIRECTED TO REQUIRE THAT ALL SITES WHEREIN PROFESSIONAL COMBATIVE SPORTS ARE CONDUCTED SHALL COMPLY WITH STATE AND APPLICABLE LOCAL SANITARY CODES APPROPRIATE TO SCHOOL ATHLETIC FACILITIES.

4. ENTITIES REQUIRED TO PROCURE LICENSES; PROFESSIONAL COMBATIVE SPORTS PARTICIPANTS DEFINED. EXCEPT AS OTHERWISE PROVIDED IN SUBDIVISION SIX OF THIS SECTION, ALL CORPORATIONS, PERSONS, LIMITED LIABILITY COMPANIES, REFEREES, JUDGES, CORPORATION TREASURERS, PROFESSIONAL COMBATIVE SPORTS PARTICIPANTS, THEIR MANAGERS, PROMOTERS, TRAINERS AND CHIEF SECONDS SHALL BE LICENSED BY THE COMMISSION, AND NO SUCH ENTITY SHALL BE PERMITTED TO PARTICIPATE, EITHER DIRECTLY OR INDIRECTLY, IN ANY PROFESSIONAL COMBATIVE SPORTS MATCH OR EXHIBITION, OR THE HOLDING THEREOF, UNLESS SUCH ENTITY SHALL HAVE FIRST PROCURED A LICENSE FROM THE COMMISSION. THE COMMISSION SHALL ESTABLISH BY RULE AND REGULATION LICENSING STANDARDS FOR REFEREES, JUDGES, MANAGERS, PROMOTERS, TRAINERS AND CHIEF SECONDS. ANY MATCH OR EXHIBITION CONFORMING TO THE RULES, REGULATIONS AND REQUIREMENTS OF THIS SECTION SHALL BE DEEMED TO BE A PROFESSIONAL COMBATIVE SPORTS MATCH OR EXHIBITION.

5. LICENSE TO ENTITIES. (A) THE COMMISSION MAY, IN ITS DISCRETION, ISSUE A LICENSE TO CONDUCT OR HOLD PROFESSIONAL COMBATIVE SPORTS MATCHES OR EXHIBITIONS, SUBJECT TO THE PROVISIONS HEREOF, TO ANY PERSON, CORPO-

1 RATION OR LIMITED LIABILITY COMPANY DULY INCORPORATED OR FORMED, HEREIN-
2 AFTER REFERRED TO AS "ENTITY".

3 (B) A PROSPECTIVE LICENSEE MUST SUBMIT TO THE COMMISSION PROOF THAT IT
4 CAN FURNISH SUITABLE PREMISES IN WHICH SUCH MATCH OR EXHIBITION IS TO BE
5 HELD.

6 (C) UPON WRITTEN APPLICATION AND THE PAYMENT OF A FEE OF FIVE HUNDRED
7 DOLLARS WHICH MUST ACCOMPANY THE APPLICATION, THE COMMISSION MAY GRANT
8 TO ANY ENTITY HOLDING A LICENSE ISSUED HEREUNDER, THE PRIVILEGE OF HOLD-
9 ING SUCH A MATCH OR EXHIBITION ON A SPECIFIED DATE IN OTHER PREMISES, OR
10 IN ANOTHER LOCATION, THAN THE PREMISES OF LOCATION PREVIOUSLY APPROVED
11 BY THE COMMISSION, SUBJECT HOWEVER TO APPROVAL OF THE COMMISSION AND THE
12 RULES AND REGULATIONS OF THE COMMISSION.

13 (D) ALL PENALTIES IMPOSED AND COLLECTED BY THE COMMISSION FROM ANY
14 ENTITY LICENSED UNDER THE PROVISIONS OF THIS ACT, WHICH FINES AND PENAL-
15 TIES ARE IMPOSED AND COLLECTED UNDER THE AUTHORITY HEREBY VESTED SHALL
16 WITHIN THIRTY DAYS AFTER THE RECEIPT THEREOF BY THE COMMISSION BE PAID
17 BY THEM INTO THE STATE TREASURY.

18 6. TEMPORARY WORKING PERMITS FOR PROFESSIONAL COMBATIVE SPORTS PARTIC-
19 IPANTS, MANAGERS, TRAINERS AND CHIEF SECONDS. THE COMMISSION MAY ISSUE
20 TEMPORARY WORKING PERMITS TO PROFESSIONAL COMBATIVE SPORTS PARTICIPANTS,
21 THEIR MANAGERS, TRAINERS AND CHIEF SECONDS. A TEMPORARY WORKING PERMIT
22 SHALL AUTHORIZE THE EMPLOYMENT OF THE HOLDER OF SUCH PERMIT TO ENGAGE IN
23 A SINGLE MATCH OR EXHIBITION AT A SPECIFIED TIME AND PLACE. A TEMPORARY
24 WORKING PERMIT MAY BE ISSUED IF IN THE JUDGMENT OF THE COMMISSION THE
25 PARTICIPATION OF THE HOLDER THEREOF IN A PROFESSIONAL COMBATIVE SPORTS
26 MATCH OR EXHIBITION WILL BE CONSISTENT WITH THE PURPOSES AND PROVISIONS
27 OF THIS SECTION, THE BEST INTERESTS OF COMBATIVE SPORTS GENERALLY, AND
28 THE PUBLIC INTEREST, CONVENIENCE OR NECESSITY. THE COMMISSION MAY
29 REQUIRE THAT PROFESSIONAL COMBATIVE SPORTS PARTICIPANTS APPLYING FOR
30 TEMPORARY WORKING PERMITS UNDERGO A PHYSICAL EXAMINATION, NEUROLOGICAL
31 OR NEUROPSYCHOLOGICAL TEST OR PROCEDURE, INCLUDING COMPUTED TOMOGRAPHY
32 OR MEDICALLY EQUIVALENT PROCEDURE. THE FEE FOR SUCH TEMPORARY WORKING
33 PERMIT SHALL BE TWENTY DOLLARS.

34 7. LICENSE FEES; TERM OF LICENSES; RENEWALS. EACH APPLICANT FOR A
35 PROMOTER LICENSE SHALL, BEFORE A LICENSE IS ISSUED BY THE COMMISSION,
36 PAY TO THE COMMISSION, AN ANNUAL LICENSE FEE AS FOLLOWS: WHERE THE
37 SEATING CAPACITY IS NOT MORE THAN TWO THOUSAND FIVE HUNDRED, FIVE
38 HUNDRED DOLLARS; WHERE THE SEATING CAPACITY IS MORE THAN TWO THOUSAND
39 FIVE HUNDRED BUT NOT MORE THAN FIVE THOUSAND, ONE THOUSAND DOLLARS;
40 WHERE THE SEATING CAPACITY IS MORE THAN FIVE THOUSAND BUT NOT MORE THAN
41 FIFTEEN THOUSAND, ONE THOUSAND FIVE HUNDRED DOLLARS; WHERE THE SEATING
42 CAPACITY IS MORE THAN FIFTEEN THOUSAND BUT NOT MORE THAN TWENTY-FIVE
43 THOUSAND, TWO THOUSAND FIVE HUNDRED DOLLARS; WHERE THE SEATING CAPACITY
44 IS MORE THAN TWENTY-FIVE THOUSAND, THREE THOUSAND FIVE HUNDRED DOLLARS;
45 REFEREE, ONE HUNDRED DOLLARS; JUDGES, ONE HUNDRED DOLLARS; PROFESSIONAL
46 COMBATIVE SPORTS PARTICIPANTS, FIFTY DOLLARS; MANAGERS, FIFTY DOLLARS;
47 TRAINERS, FIFTY DOLLARS; AND CHIEF SECONDS, FORTY DOLLARS. EACH LICENSE
48 OR RENEWAL THEREOF ISSUED PURSUANT TO THIS SUBDIVISION ON OR AFTER OCTO-
49 BER FIRST SHALL BE EFFECTIVE FOR A LICENSE YEAR EXPIRING ON THE THIRTI-
50 ETH DAY OF SEPTEMBER FOLLOWING THE DATE OF ITS ISSUANCE. THE ANNUAL
51 LICENSE FEE PRESCRIBED BY THIS SUBDIVISION SHALL BE THE LICENSE FEE DUE
52 AND PAYABLE THEREFOR AND SHALL BE PAID IN ADVANCE AT THE TIME APPLICA-
53 TION IS MADE THEREFOR, AND EACH SUCH LICENSE MAY BE RENEWED FOR PERIODS
54 OF ONE YEAR UPON THE PAYMENT OF THE ANNUAL LICENSE FEE PRESCRIBED BY
55 THIS SUBDIVISION. WITHIN THREE YEARS FROM THE DATE OF PAYMENT AND UPON
56 THE AUDIT OF THE COMPTROLLER, THE COMMISSION MAY REFUND ANY FEE, UNFOR-

1 FEITED POSTED GUARANTEE OR TAX PAID PURSUANT TO THIS SECTION, FOR WHICH
2 NO LICENSE IS ISSUED OR NO SERVICE RENDERED OR REFUND THAT PORTION OF
3 THE PAYMENT THAT IS IN EXCESS OF THE AMOUNT PRESCRIBED BY STATUTE.

4 8. APPLICATION FOR LICENSE; FINGERPRINTS. (A) EVERY APPLICATION FOR A
5 LICENSE SHALL BE IN WRITING, SHALL BE ADDRESSED TO THE COMMISSION, SHALL
6 BE SUBSCRIBED BY THE APPLICANT, AND AFFIRMED BY HIM AS TRUE UNDER THE
7 PENALTIES OF PERJURY, AND SHALL SET FORTH SUCH FACTS AS THE PROVISIONS
8 HEREOF AND THE RULES AND REGULATIONS OF THE COMMISSION MAY REQUIRE.

9 (B) WHEN AN APPLICATION IS MADE FOR A LICENSE UNDER THIS SECTION, THE
10 COMMISSION MAY CAUSE THE FINGERPRINTS OF SUCH APPLICANT, OR IF SUCH
11 APPLICANT BE A CORPORATION, OF THE OFFICERS OF SUCH CORPORATION, OR IF
12 SUCH APPLICANT BE A LIMITED LIABILITY COMPANY, THE MANAGER OF SUCH
13 LIMITED LIABILITY COMPANY TO BE TAKEN IN DUPLICATE. THE APPLICANT SHALL
14 BE RESPONSIBLE FOR THE COST OF HAVING HIS FINGERPRINTS TAKEN. IF SUCH
15 FINGERPRINTS ARE TAKEN, ONE COPY SHALL BE TRANSMITTED TO THE DIVISION OF
16 CRIMINAL JUSTICE SERVICES IN ACCORDANCE WITH THE RULES AND REGULATIONS
17 OF THE DIVISION OF CRIMINAL JUSTICE SERVICES AND ONE SHALL REMAIN ON
18 FILE IN THE OFFICE OF THE COMMISSION. NO SUCH FINGERPRINT MAY BE
19 INSPECTED BY ANY PERSON, OTHER THAN A PEACE OFFICER, EXCEPT ON ORDER OF
20 A JUDGE OR JUSTICE OF A COURT OF RECORD. THE DIVISION IS HEREBY AUTHOR-
21 IZED TO TRANSMIT CRIMINAL HISTORY INFORMATION TO THE COMMISSION FOR THE
22 PURPOSES OF THIS PARAGRAPH. THE INFORMATION OBTAINED BY ANY SUCH FING-
23 ERPRINT EXAMINATION SHALL BE FOR THE GUIDANCE OF THE COMMISSION IN THE
24 EXERCISE OF ITS DISCRETION IN GRANTING OR WITHHOLDING THE LICENSE. THE
25 COMMISSION SHALL PROVIDE SUCH APPLICANT WITH A COPY OF HIS OR HER CRIMI-
26 NAL HISTORY RECORD, IF ANY, TOGETHER WITH A COPY OF ARTICLE
27 TWENTY-THREE-A OF THE CORRECTION LAW, AND INFORM SUCH APPLICANT OF HIS
28 OR HER RIGHT TO SEEK CORRECTION OF ANY INCORRECT INFORMATION CONTAINED
29 IN SUCH RECORD PURSUANT TO REGULATIONS AND PROCEDURES ESTABLISHED BY THE
30 DIVISION OF CRIMINAL JUSTICE SERVICES. ALL DETERMINATIONS TO ISSUE,
31 RENEW, SUSPEND OR REVOKE A LICENSE SHALL BE MADE IN ACCORDANCE WITH
32 SUBDIVISION SIXTEEN OF SECTION TWO HUNDRED NINETY-SIX OF THE EXECUTIVE
33 LAW AND ARTICLE TWENTY-THREE-A OF THE CORRECTION LAW.

34 9. STANDARDS FOR THE ISSUANCE OF LICENSES. (A) IF IN THE JUDGMENT OF
35 THE COMMISSION THE FINANCIAL RESPONSIBILITY, EXPERIENCE, CHARACTER AND
36 GENERAL FITNESS OF AN APPLICANT, INCLUDING IN THE CASE OF CORPORATIONS
37 ITS OFFICERS AND STOCKHOLDERS, ARE SUCH THAT THE PARTICIPATION OF SUCH
38 APPLICANT WILL BE CONSISTENT WITH THE BEST INTERESTS OF COMBATIVE
39 SPORTS, THE PURPOSES OF THIS SECTION INCLUDING THE SAFETY OF PROFES-
40 SIONAL COMBATIVE SPORTS PARTICIPANTS, AND IN THE PUBLIC INTEREST,
41 CONVENIENCE OR NECESSITY, THE COMMISSION SHALL GRANT A LICENSE IN
42 ACCORDANCE WITH THE PROVISIONS CONTAINED IN THIS SUBDIVISION.

43 (B) ANY PROFESSIONAL COMBATIVE SPORTS PARTICIPANT APPLYING FOR A
44 LICENSE OR RENEWAL OF A LICENSE UNDER THIS SUBDIVISION SHALL UNDERGO A
45 COMPREHENSIVE PHYSICAL EXAMINATION INCLUDING CLINICAL NEUROLOGICAL AND
46 NEUROPSYCHOLOGICAL EXAMINATIONS BY A PHYSICIAN APPROVED BY THE COMMIS-
47 SION. IF, AT THE TIME OF SUCH EXAMINATION, THERE IS ANY INDICATION OF
48 BRAIN INJURY, OR FOR ANY OTHER REASON THE PHYSICIAN DEEMS IT APPROPRI-
49 ATE, THE PROFESSIONAL COMBATIVE SPORTS PARTICIPANT SHALL BE REQUIRED TO
50 UNDERGO FURTHER NEUROLOGICAL AND NEUROPSYCHOLOGICAL EXAMINATIONS BY A
51 NEUROLOGIST INCLUDING, BUT NOT LIMITED TO, A COMPUTED TOMOGRAPHY OR
52 MEDICALLY EQUIVALENT PROCEDURE. THE COMMISSION SHALL NOT ISSUE A LICENSE
53 TO A PROFESSIONAL COMBATIVE SPORTS PARTICIPANT UNTIL SUCH EXAMINATIONS
54 ARE COMPLETED AND REVIEWED BY THE COMMISSION. THE RESULTS OF ALL SUCH
55 EXAMINATIONS HEREIN REQUIRED SHALL BECOME A PART OF THE PROFESSIONAL
56 COMBATIVE SPORTS PARTICIPANT'S PERMANENT MEDICAL RECORD AS MAINTAINED BY

1 THE COMMISSION. THE COST OF ALL SUCH EXAMINATIONS CALLED FOR IN THIS
2 SUBDIVISION SHALL BE ASSUMED BY THE STATE IF SUCH EXAMINATIONS ARE
3 PERFORMED BY A PHYSICIAN OR NEUROLOGIST APPROVED BY THE COMMISSION.

4 (C) ANY PROFESSIONAL COMBATIVE SPORTS PARTICIPANT LICENSED UNDER THIS
5 CHAPTER SHALL, AS A CONDITION OF LICENSURE, WAIVE RIGHT OF CONFIDENTIAL-
6 ITY OF MEDICAL RECORDS RELATING TO TREATMENT OF ANY PHYSICAL CONDITION
7 WHICH RELATES TO HIS ABILITY TO FIGHT. ALL MEDICAL REPORTS SUBMITTED TO,
8 AND ALL MEDICAL RECORDS OF THE MEDICAL ADVISORY BOARD OR THE COMMISSION
9 RELATIVE TO THE PHYSICAL EXAMINATION OR CONDITION OF COMBATIVE SPORTS
10 PARTICIPANTS SHALL BE CONSIDERED CONFIDENTIAL, AND SHALL BE OPEN TO
11 EXAMINATION ONLY TO THE COMMISSION OR ITS AUTHORIZED REPRESENTATIVE, TO
12 THE LICENSED PARTICIPANT, MANAGER OR CHIEF SECOND UPON WRITTEN APPLICA-
13 TION TO EXAMINE SAID RECORDS, OR UPON THE ORDER OF A COURT OF COMPETENT
14 JURISDICTION IN AN APPROPRIATE CASE.

15 10. FINANCIAL INTEREST IN PROFESSIONAL COMBATIVE SPORTS PARTICIPANTS
16 PROHIBITED. NO ENTITY SHALL HAVE, EITHER DIRECTLY OR INDIRECTLY, ANY
17 FINANCIAL INTEREST IN A PROFESSIONAL COMBATIVE SPORTS PARTICIPANT
18 COMPETING ON PREMISES OWNED OR LEASED BY THE ENTITY, OR IN WHICH SUCH
19 ENTITY IS OTHERWISE INTERESTED EXCEPT PURSUANT TO THE SPECIFIC WRITTEN
20 AUTHORIZATION OF THE COMMISSION.

21 11. PAYMENTS NOT TO BE MADE BEFORE CONTESTS. NO PROFESSIONAL COMBATIVE
22 SPORTS PARTICIPANT SHALL BE PAID FOR SERVICES BEFORE THE CONTEST, AND
23 SHOULD IT BE DETERMINED BY THE COMMISSION THAT SUCH PARTICIPANT DID NOT
24 GIVE AN HONEST EXHIBITION OF HIS SKILL, SUCH SERVICE SHALL NOT BE PAID
25 FOR.

26 12. SHAM OR COLLUSIVE EVENTS. (A) ANY PERSON, INCLUDING ANY CORPO-
27 RATION AND THE OFFICERS THEREOF, ANY PHYSICIAN, LIMITED LIABILITY COMPA-
28 NY, REFEREE, JUDGE, PROFESSIONAL COMBATIVE SPORTS PARTICIPANT, MANAGER,
29 TRAINER OR CHIEF SECOND, WHO SHALL PROMOTE, CONDUCT, GIVE OR PARTICIPATE
30 IN ANY SHAM OR COLLUSIVE PROFESSIONAL COMBATIVE SPORTS MATCH OR EXHIBI-
31 TION, SHALL BE DEPRIVED OF HIS LICENSE BY THE COMMISSION.

32 (B) NO LICENSED ENTITY SHALL KNOWINGLY ENGAGE IN A COURSE OF CONDUCT
33 IN WHICH PROFESSIONAL COMBATIVE SPORTS MATCHES OR EXHIBITIONS ARE
34 ARRANGED WHERE ONE PROFESSIONAL COMBATIVE SPORTS PARTICIPANT HAS SKILLS
35 OR EXPERIENCE SIGNIFICANTLY IN EXCESS OF THE OTHER PROFESSIONAL COMBA-
36 TIVE SPORTS PARTICIPANT SO THAT A MISMATCH RESULTS WITH THE POTENTIAL OF
37 PHYSICAL HARM TO THE PROFESSIONAL COMBATIVE SPORTS PARTICIPANT. IF SUCH
38 ACTION OCCURS, THE COMMISSION MAY EXERCISE ITS POWERS TO DISCIPLINE
39 UNDER SUBDIVISIONS THIRTEEN AND FOURTEEN OF THIS SECTION, PROVIDED THAT
40 NOTHING IN THIS SUBDIVISION SHALL AUTHORIZE THE COMMISSION TO INTERVENE
41 OR PROHIBIT A PROFESSIONAL COMBATIVE SPORTS MATCH OR EXHIBITION SOLELY
42 ON THE BASIS OF THE DIFFERENCE BETWEEN RESPECTIVE PARTICIPANT'S MARTIAL
43 ARTS DISCIPLINES.

44 13. IMPOSITION OF PENALTIES FOR VIOLATIONS. ANY ENTITY, LICENSED UNDER
45 THE PROVISIONS OF THIS SECTION, THAT SHALL KNOWINGLY VIOLATE ANY RULE OR
46 ORDER OF THE COMMISSION OR ANY PROVISION OF THIS SECTION, IN ADDITION TO
47 ANY OTHER PENALTY BY LAW PRESCRIBED, SHALL BE LIABLE TO A CIVIL PENALTY
48 NOT EXCEEDING FIVE THOUSAND DOLLARS TO BE IMPOSED BY THE COMMISSION, TO
49 BE SUED FOR BY THE ATTORNEY GENERAL IN THE NAME OF THE PEOPLE OF THE
50 STATE OF NEW YORK IF DIRECTED BY THE COMMISSION. THE AMOUNT OF THE
51 PENALTY COLLECTED BY THE COMMISSION OR RECOVERED IN ANY SUCH ACTION, OR
52 PAID TO THE COMMISSION UPON A COMPROMISE AS HEREINAFTER PROVIDED, SHALL
53 BE TRANSMITTED BY THE DEPARTMENT OF STATE INTO THE STATE TREASURY AND
54 CREDITED TO THE GENERAL FUND. THE COMMISSION, FOR CAUSE SHOWN, MAY
55 EXTEND THE TIME FOR THE PAYMENT OF SUCH PENALTY AND, BY COMPROMISE, MAY

1 ACCEPT LESS THAN THE AMOUNT OF SUCH PENALTY AS IMPOSED IN SETTLEMENT
2 THEREOF.

3 14. REVOCATION OR SUSPENSION OF LICENSES. (A) ANY LICENSE ISSUED UNDER
4 THE PROVISIONS OF THIS SECTION MAY BE REVOKED OR SUSPENDED BY THE
5 COMMISSION FOR THE REASON THEREIN STATED, THAT THE LICENSEE HAS, IN THE
6 JUDGMENT OF THE COMMISSION, BEEN GUILTY OF AN ACT DETRIMENTAL TO THE
7 INTERESTS OF COMBATIVE SPORTS GENERALLY OR TO THE PUBLIC INTEREST,
8 CONVENIENCE OR NECESSITY.

9 (B) WITHOUT OTHERWISE LIMITING THE DISCRETION OF THE COMMISSION AS
10 PROVIDED IN THIS SECTION, THE COMMISSION MAY SUSPEND OR REVOKE A LICENSE
11 OR REFUSE TO RENEW OR ISSUE A LICENSE, IF IT SHALL FIND THAT THE APPLI-
12 CANT OR PARTICIPANT: (1) HAS BEEN CONVICTED OF A CRIME IN ANY JURISDIC-
13 TION; (2) IS ASSOCIATING OR CONSORTING WITH ANY PERSON WHO HAS OR
14 PERSONS WHO HAVE BEEN CONVICTED OF A CRIME OR CRIMES IN ANY JURISDICTION
15 OR JURISDICTIONS; (3) HAS BEEN GUILTY OF OR ATTEMPTED ANY FRAUD OR
16 MISREPRESENTATION IN CONNECTION WITH COMBATIVE SPORTS; (4) HAS VIOLATED
17 OR ATTEMPTED TO VIOLATE ANY LAW WITH RESPECT TO COMBATIVE SPORTS IN ANY
18 JURISDICTION OR ANY RULE, REGULATION OR ORDER OF THE COMMISSION, OR
19 SHALL HAVE VIOLATED ANY RULE OF COMBATIVE SPORTS WHICH SHALL HAVE BEEN
20 APPROVED OR ADOPTED BY THE COMMISSION, OR HAS BEEN GUILTY OF OR ENGAGED
21 IN SIMILAR, RELATED OR LIKE PRACTICES; OR (5) HAS NOT ACTED IN THE BEST
22 INTEREST OF MIXED MARTIAL ARTS. ALL DETERMINATIONS TO ISSUE, RENEW,
23 SUSPEND OR REVOKE A LICENSE SHALL BE MADE IN ACCORDANCE WITH SUBDIVISION
24 SIXTEEN OF SECTION TWO HUNDRED NINETY-SIX OF THE EXECUTIVE LAW AND ARTI-
25 CLE TWENTY-THREE-A OF THE CORRECTION LAW AS APPLICABLE.

26 (C) NO SUCH PARTICIPANT MAY, UNDER ANY CIRCUMSTANCES, COMPETE OR
27 APPEAR IN A PROFESSIONAL COMBATIVE SPORTS MATCH OR EXHIBITION WITHIN
28 NINETY DAYS OF HAVING SUFFERED A KNOCKOUT OR TECHNICAL KNOCKOUT IN ANY
29 SUCH MATCH OR EXHIBITION WITHOUT CLEARANCE BY THE BOARD, OR WITHIN NINE-
30 TY DAYS OF BEING RENDERED UNCONSCIOUS IN ANY SUCH MATCH OR EXHIBITION
31 WHERE THERE IS EVIDENCE OF HEAD TRAUMA AS DETERMINED BY THE ATTENDING
32 COMMISSION PHYSICIAN AND SHALL UNDERGO SUCH EXAMINATIONS AS REQUIRED
33 UNDER PARAGRAPH (B) OF SUBDIVISION TWENTY OF THIS SECTION. THE PROFES-
34 SIONAL COMBATIVE SPORTS PARTICIPANT SHALL BE CONSIDERED SUSPENDED FROM
35 PROFESSIONAL COMBATIVE SPORTS MATCHES OR EXHIBITIONS BY THE COMMISSION
36 AND SHALL FORFEIT HIS LICENSE TO THE COMMISSION DURING SUCH PERIOD AND
37 SUCH LICENSE SHALL NOT BE RETURNED TO THE PARTICIPANT UNTIL THE PARTIC-
38 IPANT HAS MET ALL REQUIREMENTS, MEDICAL AND OTHERWISE, FOR REINSTATEMENT
39 OF SUCH LICENSE. ALL SUCH SUSPENSIONS SHALL BE RECORDED IN THE PARTIC-
40 IPANT'S LICENSE BY A COMMISSION OFFICIAL.

41 (D) THE COMMISSION MAY AT ANY TIME SUSPEND, REVOKE OR DENY A PARTIC-
42 IPANT'S LICENSE OR TEMPORARY WORKING PERMIT FOR MEDICAL REASONS AT THE
43 RECOMMENDATION OF THE BOARD.

44 (E) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, IF ANY OTHER STATE
45 SHALL REVOKE A LICENSEE'S LICENSE TO COMPETE OR APPEAR IN A PROFESSIONAL
46 COMBATIVE SPORTS MATCH OR EXHIBITION IN THAT STATE BASED ON A KNOWING
47 AND INTENTIONAL ENGAGEMENT IN ANY PROHIBITED PRACTICES OF SUCH STATE,
48 THE COMMISSION MAY ACT TO REVOKE ANY LICENSE TO COMPETE OR APPEAR IN A
49 PROFESSIONAL COMBATIVE SPORTS MATCH OR EXHIBITION ISSUED TO SUCH LICEN-
50 SEE PURSUANT TO THE PROVISIONS OF THIS SECTION.

51 (F) THE COMMISSION MAY SUSPEND ANY LICENSE IT HAS ISSUED BY A DATED
52 NOTICE TO THAT EFFECT TO THE SUSPENDED LICENSEE, MAILED OR DELIVERED TO
53 THE LICENSEE, AND SPECIFYING THE EFFECTIVE DATE AND TERM OF THE SUSPEN-
54 SION, PROVIDED HOWEVER THAT THE COMMISSION REPRESENTATIVE IN CHARGE OF A
55 CONTEST OR EXHIBITION MAY THEN AND THERE TEMPORARILY SUSPEND ANY LICENSE
56 ISSUED BY THE COMMISSION WITHOUT SUCH NOTICE. IN THE EVENT OF A TEMPO-

1 RARY SUSPENSION, THE COMMISSION SHALL MAIL OR DELIVER THE NOTICE TO THE
2 SUSPENDED LICENSEE WITHIN THREE BUSINESS DAYS AFTER THE TEMPORARY
3 SUSPENSION. IN EITHER CASE SUCH SUSPENSION MAY BE WITHOUT ANY ADVANCE
4 HEARING. UPON THE RECEIPT OF SUCH NOTICE OF SUSPENSION, THE SUSPENDED
5 LICENSEE MAY APPLY TO THE COMMISSION FOR A HEARING ON THE MATTER TO
6 DETERMINE WHETHER SUCH SUSPENSION SHOULD BE RESCINDED. SUCH APPLICATION
7 FOR A HEARING MUST BE IN WRITING AND MUST BE RECEIVED BY THE COMMISSION
8 WITHIN THIRTY DAYS AFTER THE DATE OF NOTICE OF SUSPENSION. THE COMMISS-
9 SION SHALL HAVE THE AUTHORITY TO REVOKE ANY LICENSE ISSUED BY IT. BEFORE
10 ANY LICENSE IS SO REVOKED, THE LICENSEE WILL BE OFFERED THE OPPORTUNITY
11 AT A HEARING HELD BY OR ON BEHALF OF THE COMMISSION TO SHOW CAUSE WHY
12 THE LICENSE SHOULD NOT BE REVOKED. THE COMMISSION SHALL OFFER THE OPPOR-
13 TUNITY FOR A HEARING TO AN AFFECTED PERSON BEFORE TAKING ANY FINAL
14 ACTION NEGATIVELY AFFECTING SUCH PERSON'S INDIVIDUAL PRIVILEGES OR PROP-
15 erty GRANTED BY A LICENSE DULY ISSUED BY THE COMMISSION OR A CONTRACT
16 APPROVED BY AND FILED WITH THE COMMISSION. IN ALL SUCH HEARINGS, LICEN-
17 SEES AND OTHER WITNESSES SHALL TESTIFY UNDER OATH OR AFFIRMATION, WHICH
18 MAY BE ADMINISTERED BY ANY COMMISSIONER OR AUTHORIZED REPRESENTATIVE OF
19 THE COMMISSION ACTUALLY PRESENT. THE COMMISSION SHALL BE THE SOLE JUDGE
20 OF THE RELEVANCY AND COMPETENCY OF TESTIMONY AND OTHER EVIDENCE, THE
21 CREDIBILITY OF WITNESSES, AND THE SUFFICIENCY OF EVIDENCE. HEARINGS MAY
22 BE CONDUCTED BY REPRESENTATIVES OF THE COMMISSION IN THE DISCRETION OF
23 THE COMMISSION. IN SUCH CASES, THE COMMISSION REPRESENTATIVES CONDUCTING
24 THE HEARING SHALL SUBMIT FINDINGS OF FACT AND RECOMMENDATIONS TO THE
25 COMMISSION, WHICH SHALL NOT BE BINDING ON THE COMMISSION.

26 15. ADVERTISING MATTER TO STATE ADMISSION PRICE. IT SHALL BE THE DUTY
27 OF EVERY ENTITY PROMOTING OR CONDUCTING A PROFESSIONAL COMBATIVE SPORTS
28 MATCH OR EXHIBITION SUBJECT TO THE PROVISIONS OF THIS SECTION TO CAUSE
29 TO BE INSERTED IN EACH SHOW CARD, BILL, POSTER, NEWSPAPER ADVERTISEMENT
30 OF ANY PROFESSIONAL COMBATIVE SPORTS MATCH OR EXHIBITION GIVEN BY IT,
31 THE PRICE OF ADMISSION THERETO. VIOLATION OF THE PROVISIONS OF THIS
32 SUBDIVISION SHALL SUBJECT THE ENTITY TO A FINE OF ONE HUNDRED DOLLARS.

33 16. TICKETS TO INDICATE PURCHASE PRICE. ALL TICKETS OF ADMISSION TO
34 ANY SUCH COMBATIVE SPORTS MATCH OR EXHIBITION SHALL BE CONTROLLED BY THE
35 PROVISIONS OF ARTICLE TWENTY-FIVE OF THE ARTS AND CULTURAL AFFAIRS LAW.
36 IT SHALL BE UNLAWFUL FOR ANY ENTITY TO ADMIT TO SUCH MATCH OR EXHIBITION
37 A NUMBER OF PEOPLE GREATER THAN THE SEATING CAPACITY OF THE PLACE WHERE
38 SUCH MATCH OR EXHIBITION IS HELD. VIOLATION OF THIS SUBDIVISION SHALL BE
39 A MISDEMEANOR AND SHALL BE PUNISHABLE AS SUCH AND IN ADDITION SHALL
40 INCUR FORFEITURE OF LICENSE.

41 17. EQUIPMENT OF BUILDINGS FOR MATCHES OR EXHIBITIONS. ALL BUILDINGS
42 OR STRUCTURES USED OR INTENDED TO BE USED FOR HOLDING OR GIVING SUCH
43 PROFESSIONAL COMBATIVE SPORTS MATCHES OR EXHIBITIONS SHALL BE PROPERLY
44 VENTILATED AND PROVIDED WITH FIRE EXITS AND FIRE ESCAPES, AND IN ALL
45 MANNER CONFORM TO THE LAWS, ORDINANCES AND REGULATIONS PERTAINING TO
46 BUILDINGS IN THE CITY, TOWN OR VILLAGE WHERE SITUATED.

47 18. AGE OF PARTICIPANTS AND SPECTATORS. NO PERSON UNDER THE AGE OF
48 EIGHTEEN YEARS SHALL PARTICIPATE IN ANY PROFESSIONAL COMBATIVE SPORTS
49 MATCH OR EXHIBITION, AND NO PERSON UNDER SIXTEEN YEARS OF AGE SHALL BE
50 PERMITTED TO ATTEND AS A SPECTATOR; PROVIDED, HOWEVER, THAT A PERSON
51 UNDER THE AGE OF SIXTEEN SHALL BE PERMITTED TO ATTEND AS A SPECTATOR IF
52 ACCOMPANIED BY A PARENT OR GUARDIAN.

53 19. REGULATION OF CONDUCT OF MATCHES OR EXHIBITIONS. (A) EXCEPT FOR
54 CHAMPIONSHIP MATCHES, WHICH SHALL NOT BE MORE THAN FIVE ROUNDS, NO
55 COMBATIVE SPORTS MATCH OR EXHIBITION SHALL BE MORE THAN THREE ROUNDS IN
56 LENGTH. NO PARTICIPANT SHALL BE ALLOWED TO PARTICIPATE IN MORE THAN

1 THREE MATCHES OR EXHIBITIONS OR COMPETE FOR MORE THAN SIXTY MINUTES
2 WITHIN SEVENTY-TWO CONSECUTIVE HOURS. NO PARTICIPANT SHALL BE ALLOWED
3 TO COMPETE IN ANY SUCH MATCH OR EXHIBITION WITHOUT WEARING A MOUTHGUARD
4 AND A PROTECTIVE GROIN CUP. AT EACH PROFESSIONAL COMBATIVE SPORTS MATCH
5 OR EXHIBITION, THERE SHALL BE IN ATTENDANCE A DULY LICENSED REFEREE WHO
6 SHALL DIRECT AND CONTROL THE SAME. BEFORE STARTING SUCH CONTEST THE
7 REFEREE SHALL ASCERTAIN FROM EACH PARTICIPANT THE NAME OF HIS MANAGER OR
8 CHIEF SECOND, AND SHALL HOLD SUCH MANAGER OR CHIEF SECOND RESPONSIBLE
9 FOR THE CONDUCT OF HIS ASSISTANT SECONDS DURING THE PROGRESS OF THE
10 MATCH OR EXHIBITION. THE COMMISSION SHALL HAVE THE POWER IN ITS
11 DISCRETION TO DECLARE FORFEITED ANY PRIZE, REMUNERATION OR PURSE, OR ANY
12 PART THEREOF, BELONGING TO THE PARTICIPANTS OR ONE OF THEM, OR THE SHARE
13 THEREOF OF ANY MANAGER OR CHIEF SECOND IF IN ITS JUDGMENT, SUCH PARTIC-
14 IPANT OR PARTICIPANTS ARE NOT HONESTLY COMPETING OR THE PARTICIPANT OR
15 MANAGER OR CHIEF SECOND OF A PARTICIPANT, AS THE CASE MAY BE, HAS
16 COMMITTED AN ACT IN THE PREMISES IN VIOLATION OF ANY RULE, ORDER OR
17 REGULATION OF THE COMMISSION. THE AMOUNT SO FORFEITED SHALL BE PAID
18 WITHIN FORTY-EIGHT HOURS TO THE COMMISSION. THERE SHALL ALSO BE IN
19 ATTENDANCE, THREE DULY LICENSED JUDGES WHO SHALL AT THE TERMINATION OF
20 EACH SUCH COMBATIVE SPORTS MATCH OR EXHIBITION RENDER THEIR DECISION.
21 THE WINNER OF SUCH MATCH OR EXHIBITION SHALL BE DETERMINED IN ACCORDANCE
22 WITH A SCORING SYSTEM PRESCRIBED BY THE COMMISSION. PROVIDED, HOWEVER,
23 THAT A PARTICIPANT MAY TERMINATE THE CONTEST BY SIGNALLING TO THE REFER-
24 EE THAT SUCH PARTICIPANT SUBMITS TO THE OPPONENT.

25 (B) THE COMMISSION MAY BY RULE, REGULATION OR ORDER, REQUIRE THE PRES-
26 ENCE OF ANY MEDICAL EQUIPMENT AND PERSONNEL AT EACH PROFESSIONAL COMBA-
27 TIVE SPORTS MATCH OR EXHIBITION AS IS NECESSARY OR BENEFICIAL FOR THE
28 SAFETY AND PROTECTION OF THE CONTESTANTS; AND MAY ALSO REQUIRE THE PRES-
29 ENCE OF AN AMBULANCE OR OTHER APPARATUS AT THE SITE OF ANY SUCH MATCH OR
30 EXHIBITION OR THE PROMULGATION OF AN EMERGENCY MEDICAL PLAN IN LIEU
31 THEREOF.

32 (C) THE COMMISSION SHALL PRESCRIBE BY RULE OR REGULATION THE RESPONSI-
33 BILITIES OF MANAGERS, TRAINERS AND CHIEF SECONDS PRIOR TO, DURING AND
34 AFTER A COMBATIVE SPORTS MATCH OR EXHIBITION IN ORDER TO PROMOTE THE
35 SAFETY OF THE PARTICIPANTS AT ALL TIMES.

36 (D) THE COMMISSION SHALL REQUIRE BY RULE OR REGULATION THAT ANY
37 PROFESSIONAL COMBATIVE SPORTS PARTICIPANT LICENSED UNDER THIS SECTION
38 PRESENT TO A DESIGNATED COMMISSION OFFICIAL, BEFORE EACH MATCH OR EXHI-
39 BITION IN WHICH HE FIGHTS IN THIS STATE, A LICENSE WHICH SHALL INCLUDE
40 BUT NOT BE LIMITED TO THE FOLLOWING INFORMATION: (1) THE PARTICIPANT'S
41 NAME, PHOTOGRAPH, SOCIAL SECURITY NUMBER, DATE OF BIRTH, AND OTHER IDEN-
42 TIFYING INFORMATION; (2) THE PARTICIPANT'S PRIOR MATCH OR EXHIBITION
43 HISTORY INCLUDING THE DATES, LOCATION, AND DECISION OF SUCH MATCHES OR
44 EXHIBITIONS; AND (3) THE PARTICIPANT'S MEDICAL HISTORY, RELATING TO ANY
45 PHYSICAL CONDITION, MEDICAL TEST OR PROCEDURE WHICH RELATES TO HIS ABIL-
46 ITY TO FIGHT, AND A RECORD OF ALL MEDICAL SUSPENSIONS.

47 20. EXAMINATION BY PHYSICIAN; COST. (A) ALL PARTICIPANTS MUST BE EXAM-
48 INED BY A PHYSICIAN DESIGNATED BY THE COMMISSION BEFORE ENTERING THE
49 RING AND EACH SUCH PHYSICIAN SHALL IMMEDIATELY FILE WITH THE COMMISSION
50 A WRITTEN REPORT OF SUCH EXAMINATION. THE COST OF ANY SUCH EXAMINATION,
51 AS PRESCRIBED BY A SCHEDULE OF FEES ESTABLISHED BY THE COMMISSION, SHALL
52 BE PAID BY THE ENTITY CONDUCTING THE MATCH OR EXHIBITION TO THE COMMIS-
53 SION, WHICH SHALL THEN PAY THE FEE COVERING SUCH COST TO THE EXAMINING
54 PHYSICIAN, IN ACCORDANCE WITH THE RULES OF THE COMMISSION.

55 (B) ANY PROFESSIONAL COMBATIVE SPORTS PARTICIPANT LICENSED OR PERMIT-
56 TED UNDER THIS SECTION RENDERED UNCONSCIOUS OR SUFFERING HEAD TRAUMA AS

1 DETERMINED BY THE ATTENDING PHYSICIAN SHALL BE IMMEDIATELY EXAMINED BY
2 THE ATTENDING COMMISSION PHYSICIAN AND SHALL BE REQUIRED TO UNDERGO
3 NEUROLOGICAL AND NEUROPSYCHOLOGICAL EXAMINATIONS BY A NEUROLOGIST
4 INCLUDING BUT NOT LIMITED TO A COMPUTED TOMOGRAPHY OR MEDICALLY EQUIV-
5 ALENT PROCEDURE. ANY PARTICIPANT SO INJURED SHALL NOT APPEAR IN ANY
6 MATCH OR EXHIBITION UNTIL RESULTS OF SUCH EXAMINATIONS ARE REVIEWED BY
7 THE COMMISSION. THE RESULTS OF ALL SUCH EXAMINATIONS HEREIN REQUIRED
8 SHALL BECOME A PART OF THE PARTICIPANT'S PERMANENT MEDICAL RECORDS AS
9 MAINTAINED BY THE COMMISSION AND SHALL BE USED BY THE COMMISSION TO
10 DETERMINE WHETHER A PARTICIPANT SHALL BE PERMITTED TO APPEAR IN ANY
11 FUTURE PROFESSIONAL COMBATIVE SPORTS MATCH OR EXHIBITION. THE COSTS OF
12 ALL SUCH EXAMINATIONS CALLED FOR IN THIS PARAGRAPH SHALL BE ASSUMED BY
13 THE ENTITY OR PROMOTER IF SUCH EXAMINATIONS ARE PERFORMED BY A PHYSICIAN
14 APPROVED BY THE COMMISSION.

15 (C) THE COMMISSION MAY AT ANY TIME REQUIRE A LICENSED OR PERMITTED
16 PARTICIPANT TO UNDERGO A PHYSICAL EXAMINATION, INCLUDING ANY NEUROLOGI-
17 CAL OR NEUROPSYCHOLOGICAL TEST OR PROCEDURE. THE COST OF SUCH EXAM SHALL
18 BE ASSUMED BY THE STATE.

19 21. PHYSICIAN TO BE IN ATTENDANCE; POWERS OF SUCH PHYSICIAN. (A) IT
20 SHALL BE THE DUTY OF EVERY ENTITY LICENSED TO CONDUCT A COMBATIVE SPORTS
21 MATCH OR EXHIBITION, TO HAVE IN ATTENDANCE AT EVERY MATCH OR EXHIBITION
22 AT LEAST ONE PHYSICIAN DESIGNATED BY THE COMMISSION AS THE RULES SHALL
23 PROVIDE. THE COMMISSION MAY ESTABLISH A SCHEDULE OF FEES TO BE PAID BY
24 THE LICENSEE TO COVER THE COST OF SUCH ATTENDANCE. SUCH FEES SHALL BE
25 PAID TO THE COMMISSION, WHICH SHALL THEN PAY SUCH FEES TO THE PHYSICIANS
26 ENTITLED THERETO, IN ACCORDANCE WITH THE RULES OF THE COMMISSION.

27 (B) THE PHYSICIAN SHALL TERMINATE ANY PROFESSIONAL COMBATIVE SPORTS
28 MATCH OR EXHIBITION IF IN THE OPINION OF SUCH PHYSICIAN ANY PARTICIPANT
29 HAS RECEIVED SEVERE PUNISHMENT OR IS IN DANGER OF SERIOUS PHYSICAL INJU-
30 RY. IN THE EVENT OF ANY SERIOUS PHYSICAL INJURY, SUCH PHYSICIAN SHALL
31 IMMEDIATELY RENDER ANY EMERGENCY TREATMENT NECESSARY, RECOMMEND FURTHER
32 TREATMENT OR HOSPITALIZATION IF REQUIRED, AND FULLY REPORT THE ENTIRE
33 MATTER TO THE COMMISSION WITHIN TWENTY-FOUR HOURS AND IF NECESSARY,
34 SUBSEQUENTLY THEREAFTER. SUCH PHYSICIAN MAY ALSO REQUIRE THAT THE
35 INJURED PARTICIPANT AND HIS MANAGER OR CHIEF SECOND REMAIN IN THE RING
36 OR ON THE PREMISES OR REPORT TO A HOSPITAL AFTER THE CONTEST FOR SUCH
37 PERIOD OF TIME AS SUCH PHYSICIAN DEEMS ADVISABLE.

38 (C) SUCH PHYSICIAN MAY ENTER THE RING AT ANY TIME DURING A PROFES-
39 SIONAL COMBATIVE SPORTS MATCH OR EXHIBITION AND MAY TERMINATE THE MATCH
40 OR EXHIBITION IF IN HIS OPINION THE SAME IS NECESSARY TO PREVENT SEVERE
41 PUNISHMENT OR SERIOUS PHYSICAL INJURY TO A PARTICIPANT.

42 22. BOND. BEFORE A LICENSE SHALL BE GRANTED TO AN ENTITY TO CONDUCT A
43 PROFESSIONAL COMBATIVE SPORTS MATCH OR EXHIBITION, THE APPLICANT SHALL
44 EXECUTE AND FILE WITH THE COMPTROLLER A BOND IN AN AMOUNT TO BE DETER-
45 MINED BY THE COMMISSION, TO BE APPROVED AS TO FORM AND SUFFICIENCY OF
46 SURETIES THEREON BY THE COMPTROLLER, CONDITIONED FOR THE FAITHFUL
47 PERFORMANCE BY SUCH ENTITY OF THE PROVISIONS OF THIS SECTION AND THE
48 RULES AND REGULATIONS OF THE COMMISSION, AND UPON THE FILING AND
49 APPROVAL OF SUCH BOND THE COMPTROLLER SHALL ISSUE TO SUCH APPLICANT A
50 CERTIFICATE OF SUCH FILING AND APPROVAL, WHICH SHALL BE BY SUCH APPLI-
51 CANT FILED IN THE OFFICE OF THE COMMISSION WITH ITS APPLICATION FOR
52 LICENSE, AND NO SUCH LICENSE SHALL BE ISSUED UNTIL SUCH CERTIFICATE
53 SHALL BE FILED. IN CASE OF DEFAULT IN SUCH PERFORMANCE, THE COMMISSION
54 MAY IMPOSE UPON THE DELINQUENT A PENALTY IN THE SUM OF NOT MORE THAN ONE
55 THOUSAND DOLLARS FOR EACH OFFENSE, WHICH MAY BE RECOVERED BY THE ATTOR-
56 NEY GENERAL IN THE NAME OF THE PEOPLE OF THE STATE OF NEW YORK IN THE

1 SAME MANNER AS OTHER PENALTIES ARE RECOVERED BY LAW; ANY AMOUNT SO
2 RECOVERED SHALL BE PAID INTO THE TREASURY.

3 23. BOND FOR PURSES, SALARIES AND OTHER EXPENSES. IN ADDITION TO THE
4 BOND REQUIRED BY SUBDIVISION TWENTY-TWO OF THIS SECTION, EACH APPLICANT
5 FOR A LICENSE TO CONDUCT PROFESSIONAL COMBATIVE SPORTS MATCHES OR EXHI-
6 BITIONS SHALL EXECUTE AND FILE WITH THE COMPTROLLER A BOND IN AN AMOUNT
7 TO BE DETERMINED BY THE COMMISSION TO BE APPROVED AS TO FORM AND SUFFI-
8 CIENCY OF SURETIES THEREON BY THE COMPTROLLER, CONDITIONED FOR AND GUAR-
9 ANTEEING THE PAYMENT OF PROFESSIONAL COMBATIVE SPORTS PARTICIPANTS'
10 PURSES, SALARIES OF CLUB EMPLOYEES LICENSED BY THE COMMISSION, AND THE
11 LEGITIMATE EXPENSES OF PRINTING TICKETS AND ALL ADVERTISING MATERIAL.

12 24. DUTY TO PROVIDE INSURANCE FOR LICENSED PROFESSIONAL COMBATIVE
13 SPORTS PARTICIPANTS. (A) ALL ENTITIES HAVING LICENSES AS PROMOTERS
14 SHALL CONTINUOUSLY PROVIDE INSURANCE FOR THE PROTECTION OF LICENSED
15 PROFESSIONAL COMBATIVE SPORTS PARTICIPANTS, APPEARING IN PROFESSIONAL
16 COMBATIVE SPORTS MATCHES OR EXHIBITIONS. SUCH INSURANCE COVERAGE SHALL
17 PROVIDE FOR REIMBURSEMENT TO THE LICENSED ATHLETE FOR MEDICAL, SURGICAL
18 AND HOSPITAL CARE, WITH A MINIMUM LIMIT OF FIFTY THOUSAND DOLLARS FOR
19 INJURIES SUSTAINED WHILE PARTICIPATING IN ANY PROGRAM OPERATED UNDER THE
20 CONTROL OF SUCH LICENSED PROMOTER AND FOR A PAYMENT OF ONE HUNDRED THOU-
21 SAND DOLLARS TO THE ESTATE OF ANY DECEASED ATHLETE WHERE SUCH DEATH IS
22 OCCASIONED BY INJURIES RECEIVED DURING THE COURSE OF A MATCH OR EXHIBI-
23 TION IN WHICH SUCH LICENSED ATHLETE PARTICIPATED UNDER THE PROMOTION OR
24 CONTROL OF ANY LICENSED PROMOTER. THE COMMISSION MAY FROM TIME TO TIME,
25 IN ITS DISCRETION, INCREASE THE AMOUNT OF SUCH MINIMUM LIMITS.

26 (B) THE FAILURE TO PAY PREMIUMS ON SUCH INSURANCE AS IS REQUIRED BY
27 PARAGRAPH (A) OF THIS SUBDIVISION SHALL BE CAUSE FOR THE SUSPENSION OR
28 THE REVOCATION OF THE LICENSE OF SUCH DEFAULTING PROMOTER.

29 25. NOTICE OF CONTEST; COLLECTION OF TAX. (A) EVERY ENTITY HOLDING ANY
30 PROFESSIONAL COMBATIVE SPORTS MATCH OR EXHIBITION FOR WHICH AN ADMISSION
31 FEE IS CHARGED OR RECEIVED, SHALL NOTIFY THE ATHLETIC COMMISSION TEN
32 DAYS IN ADVANCE OF THE HOLDING OF SUCH CONTEST. ALL TICKETS OF ADMISSION
33 TO ANY SUCH MATCH OR EXHIBITION SHALL BE PROCURED FROM A PRINTER DULY
34 AUTHORIZED BY THE STATE ATHLETIC COMMISSION TO PRINT SUCH TICKETS AND
35 SHALL BEAR CLEARLY UPON THE FACE THEREOF THE PURCHASE PRICE AND LOCATION
36 OF SAME. AN ENTITY FAILING TO FULLY COMPLY WITH THIS SECTION SHALL BE
37 SUBJECT TO A PENALTY OF FIVE HUNDRED DOLLARS TO BE COLLECTED BY AND PAID
38 TO THE DEPARTMENT OF STATE. AN ENTITY IS PROHIBITED FROM OPERATING ANY
39 MATCHES OR EXHIBITIONS UNTIL ALL PENALTIES DUE PURSUANT TO THIS SUBDIVI-
40 SION AND TAXES, INTEREST AND PENALTIES DUE PURSUANT TO ARTICLE NINETEEN
41 OF THE TAX LAW HAVE BEEN PAID.

42 (B) PURSUANT TO DIRECTION BY THE COMMISSIONER OF TAXATION AND FINANCE,
43 EMPLOYEES OR OFFICERS OF THE ATHLETIC COMMISSION SHALL ACT AS AGENTS OF
44 THE COMMISSIONER OF TAXATION AND FINANCE TO COLLECT THE TAX IMPOSED BY
45 ARTICLE NINETEEN OF THE TAX LAW. THE ATHLETIC COMMISSION SHALL PROVIDE
46 THE COMMISSIONER OF TAXATION AND FINANCE WITH SUCH INFORMATION AND TECH-
47 NICAL ASSISTANCE AS MAY BE NECESSARY FOR THE PROPER ADMINISTRATION OF
48 SUCH TAX.

49 26. REGULATION OF JUDGES. (A) JUDGES FOR ANY PROFESSIONAL COMBATIVE
50 SPORTS MATCH OR EXHIBITION UNDER THE JURISDICTION OF THE COMMISSION
51 SHALL BE SELECTED BY THE COMMISSION FROM A LIST OF QUALIFIED LICENSED
52 JUDGES MAINTAINED BY THE COMMISSION.

53 (B) ANY PROFESSIONAL COMBATIVE SPORT PARTICIPANT, MANAGER OR CHIEF
54 SECOND MAY PROTEST THE ASSIGNMENT OF A JUDGE TO A PROFESSIONAL COMBATIVE
55 SPORTS MATCH OR EXHIBITION AND THE PROTESTING PROFESSIONAL COMBATIVE
56 SPORTS PARTICIPANT, MANAGER OR CHIEF SECOND MAY BE HEARD BY THE COMMIS-

SION OR ITS DESIGNEE IF SUCH PROTEST IS TIMELY. IF THE PROTEST IS UNTIMELY IT SHALL BE SUMMARILY REJECTED.

(C) EACH PERSON SEEKING TO BE LICENSED AS A JUDGE BY THE COMMISSION SHALL BE REQUIRED TO SUBMIT TO OR PROVIDE PROOF OF AN EYE EXAMINATION AND ANNUALLY THEREAFTER ON THE ANNIVERSARY OF THE ISSUANCE OF THE LICENSE. EACH PERSON SEEKING TO BE A PROFESSIONAL COMBATIVE SPORTS JUDGE IN THE STATE SHALL BE CERTIFIED AS HAVING COMPLETED A TRAINING PROGRAM AS APPROVED BY THE COMMISSION AND SHALL HAVE PASSED A WRITTEN EXAMINATION APPROVED BY THE COMMISSION COVERING ASPECTS OF PROFESSIONAL COMBATIVE SPORTS INCLUDING, BUT NOT LIMITED TO, THE RULES OF THE SPORT, THE LAW OF THE STATE RELATING TO THE COMMISSION, AND BASIC FIRST AID. THE COMMISSION SHALL ESTABLISH CONTINUING EDUCATION PROGRAMS TO KEEP LICENSEES CURRENT ON AREAS OF REQUIRED KNOWLEDGE.

(D) EACH PERSON SEEKING A LICENSE TO BE A PROFESSIONAL COMBATIVE SPORTS JUDGE IN THIS STATE SHALL BE REQUIRED TO FILL OUT A FINANCIAL QUESTIONNAIRE CERTIFYING UNDER PENALTY OF PERJURY FULL DISCLOSURE OF THE JUDGE'S FINANCIAL SITUATION ON A QUESTIONNAIRE TO BE PROMULGATED BY THE COMMISSION. SUCH QUESTIONNAIRE SHALL BE IN A FORM AND MANNER APPROVED BY THE COMMISSION AND SHALL PROVIDE INFORMATION AS TO AREAS OF ACTUAL OR POTENTIAL CONFLICTS OF INTEREST AS WELL AS APPEARANCES OF SUCH CONFLICTS, INCLUDING FINANCIAL RESPONSIBILITY. WITHIN FORTY-EIGHT HOURS OF ANY PROFESSIONAL COMBATIVE SPORTS MATCH OR EXHIBITION, EACH COMBATIVE SPORTS JUDGE SHALL FILE WITH THE COMMISSION A FINANCIAL DISCLOSURE STATEMENT IN SUCH FORM AND MANNER AS SHALL BE ACCEPTABLE TO THE COMMISSION.

(E) ONLY A PERSON LICENSED BY THE COMMISSION MAY JUDGE A PROFESSIONAL COMBATIVE SPORTS MATCH OR EXHIBITION.

27. TRAINING FACILITIES. (A) THE COMMISSION MAY, IN ITS DISCRETION AND IN ACCORDANCE WITH REGULATIONS ADOPTED BY THE COMMISSION TO PROTECT THE HEALTH AND SAFETY OF PROFESSIONAL COMBATIVE SPORT PARTICIPANTS IN TRAINING, ISSUE A LICENSE TO OPERATE A TRAINING FACILITY PROVIDING CONTACT SPARRING MAINTAINED EITHER EXCLUSIVELY OR IN PART FOR THE USE OF PROFESSIONAL COMBATIVE SPORT PARTICIPANTS. THE REGULATIONS OF THE COMMISSION SHALL INCLUDE, BUT NOT BE LIMITED TO, THE FOLLOWING SUBJECTS TO PROTECT THE HEALTH AND SAFETY OF PROFESSIONAL COMBATIVE SPORT PARTICIPANTS:

(1) REQUIREMENTS FOR FIRST AID MATERIALS TO BE STORED IN AN ACCESSIBLE LOCATION ON THE PREMISES AND FOR THE PRESENCE ON THE PREMISES OF A PERSON TRAINED AND CERTIFIED IN THE USE OF SUCH MATERIALS AND PROCEDURES FOR CARDIO-PULMONARY RESUSCITATION AT ALL TIMES DURING WHICH THE FACILITY IS OPEN FOR TRAINING PURPOSES;

(2) PROMINENT POSTING ADJACENT TO AN ACCESSIBLE TELEPHONE OF THE TELEPHONE NUMBER FOR EMERGENCY MEDICAL SERVICES AT THE NEAREST HOSPITAL;

(3) CLEAN AND SANITARY BATHROOMS, SHOWER ROOMS, LOCKER ROOMS AND FOOD SERVING AND STORAGE AREAS;

(4) ADEQUATE VENTILATION AND LIGHTING OF ACCESSIBLE AREAS OF THE TRAINING FACILITY;

(5) ESTABLISHMENT OF A POLICY CONCERNING THE RESTRICTION OF SMOKING IN TRAINING AREAS, INCLUDING PROVISIONS FOR ITS ENFORCEMENT BY THE FACILITY OPERATOR;

(6) COMPLIANCE WITH STATE AND LOCAL FIRE ORDINANCES;

(7) INSPECTION AND APPROVAL OF RINGS AS REQUIRED BY SUBDIVISION THIRTY OF THIS SECTION; AND

(8) ESTABLISHMENT OF A POLICY FOR POSTING ALL COMMISSION LICENSE SUSPENSIONS AND LICENSE REVOCATIONS RECEIVED FROM THE COMMISSION INCLUDING PROVISIONS FOR ENFORCEMENT OF SUCH SUSPENSIONS AND REVOCATIONS BY THE FACILITY OPERATOR.

(B) A PROSPECTIVE LICENSEE SHALL SUBMIT TO THE COMMISSION PROOF THAT IT CAN FURNISH SUITABLE FACILITIES IN WHICH THE TRAINING IS TO BE CONDUCTED, INCLUDING THE MAKING OF SUCH TRAINING FACILITIES AVAILABLE FOR INSPECTION BY THE COMMISSION AT ANY TIME DURING WHICH TRAINING IS IN PROGRESS.

28. TEMPORARY TRAINING FACILITIES. ANY TRAINING FACILITY PROVIDING CONTACT SPARRING ESTABLISHED AND MAINTAINED ON A TEMPORARY BASIS FOR THE PURPOSE OF PREPARING A PROFESSIONAL COMBATIVE SPORT PARTICIPANT FOR A SPECIFIC PROFESSIONAL COMBATIVE SPORTS MATCH OR EXHIBITION TO BE CONDUCTED, HELD OR GIVEN WITHIN THE STATE OF NEW YORK SHALL BE EXEMPT FROM THIS ACT INsofar AS IT CONCERNS THE LICENSING OF SUCH FACILITIES IF, IN THE JUDGMENT OF THE COMMISSION, ESTABLISHMENT AND MAINTENANCE OF SUCH FACILITY WILL BE CONSISTENT WITH THE PURPOSES AND PROVISIONS OF THIS CHAPTER, THE BEST INTERESTS OF PROFESSIONAL COMBATIVE SPORTS GENERALLY, AND THE PUBLIC INTEREST, CONVENIENCE OR NECESSITY.

29. WEIGHTS; CLASSES AND RULES. THE WEIGHTS AND CLASSES OF COMBATIVE SPORT PARTICIPANTS AND THE RULES AND REGULATIONS OF PROFESSIONAL COMBATIVE SPORTS SHALL BE PRESCRIBED BY THE COMMISSION.

30. RINGS OR FIGHTING AREAS. NO PROFESSIONAL COMBATIVE SPORTS MATCH OR EXHIBITION OR TRAINING ACTIVITY SHALL BE PERMITTED IN ANY RING OR FIGHTING AREA UNLESS SUCH RING OR FIGHTING AREA HAS BEEN INSPECTED AND APPROVED BY THE COMMISSION. THE COMMISSION SHALL PRESCRIBE STANDARD ACCEPTABLE SIZE AND QUALITY REQUIREMENTS FOR RINGS OR FIGHTING AREAS AND APPURTENANCES THERETO.

31. MISDEMEANOR. ANY ENTITY WHO INTENTIONALLY, DIRECTLY OR INDIRECTLY CONDUCTS, HOLDS OR GIVES A PROFESSIONAL COMBATIVE SPORTS MATCH OR EXHIBITION OR PARTICIPATES EITHER DIRECTLY OR INDIRECTLY IN ANY SUCH MATCH OR EXHIBITION AS A REFEREE, JUDGE, CORPORATION TREASURER, PROFESSIONAL COMBATIVE SPORTS PARTICIPANT, MANAGER, PROMOTER, TRAINER OR CHIEF SECOND, WITHOUT FIRST HAVING PROCURED AN APPROPRIATE LICENSE OR PERMIT AS PRESCRIBED IN THIS SECTION SHALL BE GUILTY OF A MISDEMEANOR.

S 3. Section 6 of chapter 912 of the laws of 1920 relating to the regulation of boxing, sparring and wrestling, as amended by chapter 437 of the laws of 2002 and subdivision 1 as designated and subdivision 2 as added by chapter 673 of the laws of 2003, is amended to read as follows:

S 6. Jurisdiction of commission. 1. The commission shall have and hereby is vested with the sole direction, management, control and jurisdiction over all such boxing and sparring matches or exhibitions OR PROFESSIONAL COMBATIVE SPORTS MATCHES OR EXHIBITIONS to be conducted, held or given within the state of New York and over all licenses to any and all persons who participate in such boxing or sparring matches or exhibitions OR PROFESSIONAL COMBATIVE SPORTS MATCHES OR EXHIBITIONS and over any and all gyms, clubs, training camps and other organizations that maintain training facilities providing contact sparring for persons who prepare for participation in such boxing or sparring matches or exhibitions OR PROFESSIONAL COMBATIVE SPORTS MATCHES OR EXHIBITIONS, and over the promotion of professional wrestling exhibitions OR PROFESSIONAL COMBATIVE SPORTS MATCHES OR EXHIBITIONS to the extent provided for in sections 5, 9, 19, 20, 28-a, 28-b and 33 of this act, except as otherwise provided in this act.

2. The commission is authorized and directed to require that all sites wherein boxing, sparring and wrestling matches and exhibitions OR PROFESSIONAL COMBATIVE SPORTS MATCHES OR EXHIBITIONS are conducted shall comply with state and applicable local sanitary codes appropriate to school athletic facilities.

1 S 4. Subdivision 1 of section 451 of the tax law, as amended by
2 section 1 of part F of chapter 407 of the laws of 1999, is amended to
3 read as follows:

4 1. "Gross receipts from ticket sales" shall mean the total gross
5 receipts of every person from the sale of tickets to any professional or
6 amateur boxing, sparring or wrestling match or exhibition OR ANY PROFES-
7 SIONAL COMBATIVE SPORTS MATCH OR EXHIBITION held in this state, and
8 without any deduction whatsoever for commissions, brokerage, distrib-
9 ution fees, advertising or any other expenses, charges and recoupments
10 in respect thereto.

11 S 5. Section 452 of the tax law, as amended by section 2 of part F of
12 chapter 407 of the laws of 1999, is amended to read as follows:

13 S 452. Imposition of tax. On and after October first, nineteen
14 hundred ninety-nine, a tax is hereby imposed and shall be paid upon the
15 gross receipts of every person holding any professional or amateur
16 boxing, PROFESSIONAL COMBATIVE SPORTS, sparring or wrestling match or
17 exhibition in this state. Such tax shall be imposed on such gross
18 receipts, exclusive of any federal taxes, as follows:

19 (a) three percent of gross receipts from ticket sales, except that in
20 no event shall the tax imposed by this subdivision exceed fifty thousand
21 dollars for any match or exhibition;

22 (b) three percent of gross receipts from broadcasting rights, except
23 that in no event shall the tax imposed by this subdivision exceed fifty
24 thousand dollars for any match or exhibition.

25 (C) ON AND AFTER THE EFFECTIVE DATE OF THIS SUBDIVISION, A TAX IS
26 HEREBY IMPOSED AND SHALL BE PAID UPON THE GROSS RECEIPTS OF EVERY PERSON
27 HOLDING ANY PROFESSIONAL COMBATIVE SPORTS MATCH OR EXHIBITION IN THIS
28 STATE. SUCH TAX SHALL BE IMPOSED ON SUCH GROSS RECEIPTS, EXCLUSIVE OF
29 ANY FEDERAL TAXES, AS FOLLOWS:

30 (I) EIGHT AND ONE-HALF PERCENT OF GROSS RECEIPTS FROM TICKET SALES;
31 AND

32 (II) THREE PERCENT OF GROSS RECEIPTS FROM BROADCASTING RIGHTS, EXCEPT
33 THAT IN NO EVENT SHALL THE TAX IMPOSED BY THIS PARAGRAPH EXCEED FIFTY
34 THOUSAND DOLLARS FOR ANY MATCH OR EXHIBITION.

35 S 6. Paragraph (b) of subdivision 6-c of section 106 of the alcoholic
36 beverage control law, as added by chapter 254 of the laws of 2001, is
37 amended to read as follows:

38 (b) The prohibition contained in paragraph (a) of this subdivision,
39 however, shall not be applied to any professional match or exhibition
40 which consists of boxing, PROFESSIONAL COMBATIVE SPORTS, sparring, wres-
41 tling, or martial arts [and which is] THAT ARE excepted from the defi-
42 nition of the term "combative sport" contained in subdivision one of
43 section five-a of chapter nine hundred twelve of the laws of nineteen
44 hundred twenty, as added by chapter fourteen of the laws of nineteen
45 hundred ninety-seven.

46 S 7. This act shall take effect on the ninetieth day after it shall
47 have become a law; provided, however, that effective immediately, the
48 addition, amendment and/or repeal of any rule or regulation necessary
49 for the implementation of this act on its effective date is authorized
50 and directed to be made and completed on or before such effective date.

51 PART WW

52 Section 1. The tax law is amended by adding a new section 23-a to read
53 as follows:

1 S 23-A. ASBESTOS REMEDIATION CREDIT. (A) DEFINITIONS. AS USED IN THIS
2 SECTION, THE FOLLOWING TERMS SHALL HAVE THE FOLLOWING MEANINGS:

3 (1) QUALIFIED STRUCTURE. "QUALIFIED STRUCTURE" SHALL MEAN (I) A BUILD-
4 ING, PRINCIPALLY USED BY THE TAXPAYER FOR RESIDENTIAL, INDUSTRIAL,
5 COMMERCIAL, RECREATIONAL OR ENVIRONMENTAL CONSERVATION PURPOSES, AND
6 (II) WHICH WAS ORIGINALLY PLACED IN SERVICE AT LEAST TWENTY-FIVE YEARS
7 PRIOR TO THE TAXABLE YEAR IN WHICH THE CREDIT IS CLAIMED.

8 (2) ELIGIBLE COSTS. "ELIGIBLE COSTS" SHALL MEAN ALL AMOUNTS PROPERLY
9 CHARGEABLE TO A CAPITAL ACCOUNT, WHICH ARE INCURRED IN DIRECT CONNECTION
10 TO ASBESTOS REMEDIATION OF A QUALIFIED ASBESTOS PROJECT.

11 (3) QUALIFIED ASBESTOS PROJECT. "QUALIFIED ASBESTOS PROJECT" SHALL BE
12 AN ASBESTOS PROJECT AS DEFINED IN SECTION NINE HUNDRED ONE OF THE LABOR
13 LAW AND UNDERTAKEN BY THE TAXPAYER, ON A QUALIFIED STRUCTURE, AND
14 COMPLETED PURSUANT TO THE APPLICABLE REGULATIONS AT PART FIFTY-SIX OF
15 TITLE TWELVE OF THE OFFICIAL COMPILATION OF RULES AND REGULATIONS OF THE
16 STATE.

17 (B) ASBESTOS REMEDIATION CREDIT. (1) ALLOWANCE OF CREDIT. A TAXPAYER
18 WHO HAS UNDERTAKEN A QUALIFIED ASBESTOS PROJECT ON A QUALIFIED STRUC-
19 TURE, AND WHO IS SUBJECT TO TAX UNDER ARTICLE NINE, NINE-A OR TWENTY-TWO
20 OF THIS CHAPTER, SHALL BE ALLOWED A CREDIT AGAINST SUCH TAX, PURSUANT TO
21 THE PROVISIONS REFERENCED IN SUBDIVISION (C) OF THIS SECTION.

22 (2) AMOUNT OF CREDIT. THE AMOUNT OF THE CREDIT SHALL BE TWENTY PERCENT
23 OF ALL ELIGIBLE COSTS WHICH ARE INCURRED IN THE TAXABLE YEAR, AS A
24 RESULT OF ASBESTOS REMEDIATION WITH A COMPLETED QUALIFIED ASBESTOS
25 PROJECT. THE CREDIT SHALL BE ALLOWED FOR THE TAXABLE YEAR IN WHICH THE
26 QUALIFIED ASBESTOS PROJECT IS FIRST COMMENCED AND FOR THE NEXT TWO
27 SUCCEEDING TAXABLE YEARS. THE CREDIT AUTHORIZED PURSUANT TO THIS SECTION
28 SHALL NOT EXCEED THE TOTAL SUM OF ONE MILLION DOLLARS FOR THE THREE
29 TAXABLE YEARS ALLOWED AND CLAIMED. THE COSTS, EXPENSES AND OTHER AMOUNTS
30 FOR WHICH A CREDIT IS ALLOWED AND CLAIMED UNDER THIS SUBDIVISION SHALL
31 NOT BE USED IN THE CALCULATION OF ANY OTHER CREDIT ALLOWED UNDER THIS
32 CHAPTER.

33 (C) CROSS-REFERENCES. FOR APPLICATION OF THE CREDIT PROVIDED FOR IN
34 THIS SECTION, SEE THE FOLLOWING PROVISIONS OF THIS CHAPTER:

35 ARTICLE 9: SECTION 187-T.

36 ARTICLE 9-A: SECTION 210, SUBDIVISION 48.

37 ARTICLE 22: SECTION 606, SUBSECTIONS (I) AND (XX).

38 S 2. The tax law is amended by adding a new section 187-t to read as
39 follows:

40 S 187-T. ASBESTOS REMEDIATION CREDIT. 1. ALLOWANCE OF CREDIT. A
41 TAXPAYER SHALL BE ALLOWED A CREDIT, TO BE COMPUTED AS PROVIDED IN
42 SECTION TWENTY-THREE-A OF THIS CHAPTER, AGAINST THE TAXES IMPOSED BY
43 THIS ARTICLE. PROVIDED, HOWEVER, THAT THE AMOUNT OF SUCH CREDIT ALLOW-
44 ABLE AGAINST THE TAX IMPOSED BY SECTION ONE HUNDRED EIGHTY-FOUR OF THIS
45 ARTICLE SHALL BE THE EXCESS OF THE AMOUNT OF SUCH CREDIT OVER THE AMOUNT
46 OF ANY CREDIT ALLOWED BY THIS SECTION AGAINST THE TAX IMPOSED BY SECTION
47 ONE HUNDRED EIGHTY-THREE OF THIS ARTICLE.

48 2. APPLICATION OF CREDIT. THE CREDIT UNDER THIS SECTION FOR ANY TAXA-
49 BLE YEAR SHALL NOT REDUCE THE TAX DUE FOR SUCH YEAR TO LESS THAN THE
50 APPLICABLE MINIMUM TAX PRESCRIBED BY THIS ARTICLE. IF, HOWEVER, THE
51 AMOUNT OF CREDIT ALLOWABLE UNDER THIS SECTION FOR ANY TAXABLE YEAR
52 REDUCES THE TAX TO SUCH AMOUNT, ANY AMOUNT OF CREDIT NOT DEDUCTIBLE IN
53 SUCH TAXABLE YEAR SHALL BE TREATED AS AN OVERPAYMENT OF TAX TO BE
54 REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF SECTION ONE THOUSAND
55 EIGHTY-SIX OF THIS CHAPTER. PROVIDED, HOWEVER, THE PROVISIONS OF

SUBSECTION (C) OF SECTION ONE THOUSAND EIGHTY-EIGHT OF THIS CHAPTER NOTWITHSTANDING, NO INTEREST SHALL BE PAID THEREON.

S 3. Section 210 of the tax law is amended by adding a new subdivision 48 to read as follows:

48. ASBESTOS REMEDIATION CREDIT. (A) ALLOWANCE OF CREDIT. A TAXPAYER WHO HAS UNDERTAKEN A QUALIFIED ASBESTOS PROJECT ON AN EXISTING STRUCTURE SHALL BE ALLOWED A CREDIT, TO BE COMPUTED AS PROVIDED IN SECTION TWENTY-THREE-A OF THIS CHAPTER, AGAINST THE TAX IMPOSED BY THIS ARTICLE.

(B) APPLICATION OF CREDIT. THE CREDIT ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR SHALL NOT REDUCE THE TAX DUE FOR SUCH YEAR TO LESS THAN THE HIGHER AMOUNT PRESCRIBED IN PARAGRAPHS (C) AND (D) OF SUBDIVISION ONE OF THIS SECTION. HOWEVER, IF THE AMOUNT OF CREDITS ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR REDUCES THE TAX TO SUCH AMOUNT, ANY AMOUNT OF CREDIT THUS NOT DEDUCTIBLE IN SUCH TAXABLE YEAR SHALL BE TREATED AS AN OVERPAYMENT OF TAX TO BE CREDITED OR REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF SECTION ONE THOUSAND EIGHTY-SIX OF THIS CHAPTER. PROVIDED, HOWEVER, THE PROVISIONS OF SUBSECTION (C) OF SECTION ONE THOUSAND EIGHTY-EIGHT OF THIS CHAPTER NOTWITHSTANDING, NO INTEREST SHALL BE PAID THEREON.

S 4. Subparagraph (B) of paragraph 1 of subsection (i) of section 606 of the tax law is amended by adding a new clause (xxxvii) to read as follows:

(XXXVII) ASBESTOS REMEDIATION	AMOUNT OF CREDIT UNDER
CREDIT UNDER SUBSECTION (XX)	SUBDIVISION FORTY-EIGHT OF
	SECTION TWO HUNDRED TEN

S 5. Subsection (yy) and (zz) of section 606 of the tax law, as relettered by section 5 of part H of chapter 1 of the laws of 2003, are relettered subsections (yyy) and (zzz) and a new subsection (xx) is added to read as follows:

(XX) ASBESTOS REMEDIATION CREDIT. (1) ALLOWANCE OF CREDIT. A TAXPAYER WHO HAS UNDERTAKEN A QUALIFIED ASBESTOS PROJECT ON AN EXISTING STRUCTURE SHALL BE ALLOWED A CREDIT, TO BE COMPUTED AS PROVIDED IN SECTION TWENTY-THREE-A OF THIS CHAPTER, AGAINST THE TAX IMPOSED BY THIS ARTICLE.

(2) APPLICATION OF CREDIT. IF THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS SUBSECTION FOR ANY TAXABLE YEAR SHALL EXCEED THE TAXPAYER'S TAX FOR SUCH YEAR, THE EXCESS SHALL BE TREATED AS AN OVERPAYMENT OF TAX TO BE CREDITED OR REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF SECTION SIX HUNDRED EIGHTY-SIX OF THIS ARTICLE, PROVIDED, HOWEVER, THAT NO INTEREST SHALL BE PAID THEREON.

S 6. This act shall take effect immediately and shall apply to taxable years commencing on or after January 1, 2014.

PART XX

Section 1. Short title. This act shall be known and may be cited as the "New York aviation jobs act".

S 2. Paragraph 1 of subdivision (dd) of section 1115 of the tax law, as added by section 1 of part L of chapter 60 of the laws of 2004, is amended to read as follows:

(1) Services otherwise taxable under paragraph three of subdivision (c) of section eleven hundred five or under section eleven hundred ten of this article, SALES OF GENERAL AVIATION AIRCRAFT, and tangible personal property purchased and used by the person who sells such services in performing such services, where such property becomes a physical component part of the property upon which the services are

1 performed or where such property is a lubricant applied to aircraft,
2 shall be exempt from tax under this article where such services are
3 performed on aircraft.

4 S 3. The commissioner of taxation and finance, in conjunction with the
5 commissioner of transportation, shall review and analyze all statistical
6 data available for the purpose of determining the economic and revenue
7 impact of the sales and compensating use tax exemption for the sale of
8 general aviation aircraft enacted by section two of this act. Such
9 review and analysis shall include, but not be limited to, any increases
10 in aviation-related employment, aircraft basing, aircraft maintenance
11 and aircraft hangering within the state. The commissioner shall compile
12 his or her findings into a report, which shall be submitted, on or
13 before November 1, 2019, to the governor, the temporary president of the
14 senate and the speaker of the assembly.

15 S 4. This act shall take effect April 1, 2015, and shall apply to
16 sales of general aviation aircraft made and uses occurring on or after
17 such effective date in accordance with the applicable transitional
18 provisions of sections 1106 and 1107 of the tax law, but shall not apply
19 to sales occurring after March 31, 2020, and section two of this act
20 shall expire and be deemed repealed April 1, 2020. Provided, however,
21 that aircraft subject to exemption pursuant to paragraph 1 of subdivi-
22 sion (dd) of section 1115 of the tax law, as amended by section two of
23 this act, shall remain so exempt after the expiration and repeal of
24 section two of this act, including instances where the aircraft is
25 subsequently sold or the ownership is transferred or assigned, for the
26 useful life of the aircraft. Provided, further, that the commissioner of
27 taxation and finance shall be immediately authorized to adopt and amend
28 any rules or regulations and to issue any procedure, forms or
29 instructions necessary to implement section two of this act on its
30 effective date.

31 PART YY

32 Section 1. Section 28 of the tax law, as added by section 1 of part X
33 of chapter 62 of the laws of 2006, subdivision (a) as amended by section
34 1 of part K of chapter 59 of the laws of 2012, is renumbered section 41
35 and amended to read as follows:

36 S 41. Biofuel production credit. (a) General. A taxpayer subject to
37 tax under article nine, nine-A or twenty-two of this chapter shall be
38 allowed a credit against such tax pursuant to the provisions referenced
39 in subdivision (d) of this section. The credit (or pro rata share of
40 earned credit in the case of a partnership) for each gallon of biofuel
41 produced at a biofuel plant on or after January first, two thousand six
42 shall equal fifteen cents per gallon OR TWENTY-FIVE CENTS PER GALLON FOR
43 PRODUCTION OF CELLULOSIC ETHANOL after the production of the first forty
44 thousand gallons per year presented to market. The credit under this
45 section shall be capped at two and one-half million dollars per taxpayer
46 per taxable year for up to no more than four consecutive taxable years
47 per biofuel plant. If the taxpayer is a partner in a partnership or
48 shareholder of a New York S corporation, then the cap imposed by the
49 preceding sentence shall be applied at the entity level, so that the
50 aggregate credit allowed to all the partners or shareholders of each
51 such entity in the taxable year does not exceed two and one-half million
52 dollars. The tax credit allowed pursuant to this section shall apply to
53 taxable years beginning before January first, two thousand twenty.

(b) Definitions. For the purpose of this section, the following terms shall have the following meanings:

(1) "Biofuel" means a fuel which includes biodiesel and ethanol. The term "biodiesel" shall mean a 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 designation D 6751-02. The term "ethanol" shall mean ethyl alcohol manufactured in the United States and its territories and sold (i) for fuel use and which has been rendered unfit for beverage use in a manner and which is produced at a facility approved by the federal bureau of alcohol, tobacco and firearms for the production of ethanol for fuel, or (ii) as denatured ethanol used by blenders and refiners which has been rendered unfit for beverage use. The term "biofuel" may also include any other standard approved by the New York state energy and research development authority.

(2) "CELLULOSIC ETHANOL" MEANS THE PRODUCTION OF ETHANOL FROM LIGNO-CELLULOSIC BIOMASS FEEDSTOCKS NOT USED FOR FOOD PRODUCTION THAT ARE ALTERED THROUGH ACTIVITIES REFERENCED IN SUBPARAGRAPH FIVE OF PARAGRAPH (B) OF SUBDIVISION ONE OF SECTION THIRTY-ONE HUNDRED TWO-E OF THE PUBLIC AUTHORITIES LAW. SUCH LIGNOCELLULOSIC BIOMASS FEEDSTOCKS MAY INCLUDE, BUT ARE NOT NECESSARILY LIMITED TO, SWITCHGRASSES OR WILLOWS, AGRICULTURAL AND FORESTRY RESIDUES, CLEAN WOOD AND WOOD WASTES, PULP AND PAPER MILL WASTES OR EXTRACTS, AND NON-RECYCLABLE PAPER. ANY QUESTION AS TO WHETHER ANY FEEDSTOCK QUALIFIES UNDER THIS PARAGRAPH SHALL BE DETERMINED BY THE PRESIDENT OF THE NEW YORK STATE ENERGY AND RESEARCH DEVELOPMENT AUTHORITY IN CONSULTATION WITH THE COMMISSIONER OF ENVIRONMENTAL CONSERVATION AND THE COMMISSIONER OF AGRICULTURE AND MARKETS.

(3) "Biofuel plant" means a commercial facility located in New York state at which one or more biofuels are produced. FOR THE PURPOSES OF THIS SECTION, ANY COMMERCIAL FACILITY WHERE CELLULOSIC ETHANOL IS PRODUCED SHALL BE CONSIDERED A SEPARATE BIOFUEL PLANT.

(c) Reporting requirements. A taxpayer wishing to claim a credit under this section shall annually certify to the commissioner (i) that biofuel produced at the eligible biofuel plant meets all existing standards for biofuel and (ii) the amount of biofuel produced at the eligible biofuel plant during a taxable year.

(d) Cross-references. For application of the credit provided for in this section, see the following provisions of this chapter:

(1) Article 9: Section 187-c.

(2) Article 9-A: Section 210, subdivision 38.

(3) Article 22: Section 606, subsections (i) and (jj).

S 2. Section 187-c of the tax law, as amended by section 2 of part K of chapter 59 of the laws of 2012, is amended to read as follows:

S 187-c. Biofuel production credit. A taxpayer shall be allowed a credit to be computed as provided in section [twenty-eight] FORTY-ONE of this chapter, [as added by part X of chapter sixty-two of the laws of two thousand six,] against the tax imposed by this article. Provided, however, that the amount of such credit allowed against the tax imposed by section one hundred eighty-four of this article shall be the excess of the amount of such credit over the amount of any credit allowed by this section against the tax imposed by section one hundred eighty-three of this article. In no event shall the credit under this section be allowed in an amount which will reduce the tax payable to less than the applicable minimum tax fixed by section one hundred eighty-three or one hundred eighty-five of this article. If, however, the amount of the credit allowed under this section for any taxable year reduces the tax

1 to such amount, the excess shall be treated as an overpayment of tax to
2 be credited or refunded in accordance with the provisions of section six
3 hundred eighty-six of this chapter. Provided, however, the provisions of
4 subsection (c) of section one thousand eighty-eight of this chapter
5 notwithstanding, no interest shall be paid thereon. The tax credit
6 allowed pursuant to this section shall apply to taxable years beginning
7 before January first, two thousand twenty.

8 S 3. Subdivision 38 of section 210 of the tax law, as amended by
9 section 3 of part K of chapter 59 of the laws of 2012, is amended to
10 read as follows:

11 38. Biofuel production credit. A taxpayer shall be allowed a credit,
12 to be computed as provided in section [twenty-eight] FORTY-ONE of this
13 chapter, [as added by part X of chapter sixty-two of the laws of two
14 thousand six,] against the tax imposed by this article. The credit
15 allowed under this subdivision for any taxable year shall not reduce the
16 tax due for such year to less than the higher of the amounts prescribed
17 in paragraphs (c) and (d) of subdivision one of this section. However,
18 if the amount of credit allowed under this subdivision for any taxable
19 year reduces the tax to such amount, any amount of credit thus not
20 deductible in such taxable year shall be treated as an overpayment of
21 tax to be credited or refunded in accordance with the provisions of
22 section one thousand eighty-six of this chapter. Provided, however, the
23 provisions of subsection (c) of section one thousand eighty-eight of
24 this chapter notwithstanding, no interest shall be paid thereon. The tax
25 credit allowed pursuant to this section shall apply to taxable years
26 beginning before January first, two thousand twenty.

27 S 4. Subsection (jj) of section 606 of the tax law, as amended by
28 section 4 of part K of chapter 59 of the laws of 2012, is amended to
29 read as follows:

30 (jj) Biofuel production credit. A taxpayer shall be allowed a credit
31 to be computed as provided in section [twenty-eight] FORTY-ONE of this
32 chapter, [as added by part X of chapter sixty-two of the laws of two
33 thousand six,] against the tax imposed by this article. If the amount of
34 the credit allowed under this subsection for any taxable year shall
35 exceed the taxpayer's tax for such year, the excess shall be treated as
36 an overpayment of tax to be credited or refunded in accordance with the
37 provisions of section six hundred eighty-six of this article, provided,
38 however, that no interest shall be paid thereon. The tax credit allowed
39 pursuant to this section shall apply to taxable years beginning before
40 January first, two thousand twenty.

41 S 5. This act shall take effect immediately.

42 PART ZZ

43 Section 1. Subdivision 9 of section 208 of the tax law is amended by
44 adding a new paragraph (r) to read as follows:

45 (R) IN THE EVENT THE TAXPAYER CLAIMS THE NATURAL RESOURCE IMPROVEMENT
46 CREDIT FOR FARMLANDS AND FORESTLANDS ESTABLISHED PURSUANT TO SUBDIVISION
47 FORTY-EIGHT OF SECTION TWO HUNDRED TEN OF THIS ARTICLE, ENTIRE NET
48 INCOME SHALL BE INCREASED BY THE AMOUNT OF ANY EXPENDITURES DEFINED IN
49 INTERNAL REVENUE CODE SECTION 175(C)(1) THAT THE TAXPAYER DEDUCTED FROM
50 ITS TOTAL NET INCOME ON ITS FEDERAL TAX RETURN FOR THE TAX YEAR.

51 S 2. Section 210 of the tax law is amended by adding a new subdivision
52 48 to read as follows:

53 48. NATURAL RESOURCE IMPROVEMENT CREDIT FOR FARMLANDS AND FORESTLANDS.

54 (A) ALLOWANCE OF CREDIT. FOR TAXABLE YEARS BEGINNING ON OR AFTER JANUARY

FIRST, TWO THOUSAND FIFTEEN, A TAXPAYER SHALL BE ALLOWED A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE IN AN AMOUNT EQUAL TO TWENTY-FIVE PERCENT OF THE TAXPAYER'S ELIGIBLE EXPENDITURES DURING THE TAX YEAR FOR A NATURAL RESOURCES IMPROVEMENT PROJECT. PROVIDED, HOWEVER, THAT THE CREDIT GRANTED FOR ANY NATURAL RESOURCE IMPROVEMENT PROJECT PURSUANT TO THIS SUBDIVISION SHALL NOT EXCEED FIFTY THOUSAND DOLLARS.

(B) DEFINITIONS. FOR THE PURPOSES OF THIS SUBDIVISION, THE FOLLOWING DEFINITIONS SHALL APPLY:

(1) "ELIGIBLE EXPENDITURES" SHALL MEAN FEES FOR ARCHITECTURAL, ARCHEOLOGICAL, GEOLOGICAL AND ENGINEERING SERVICES; THE COSTS OF DEVELOPING PLANS AND SPECIFICATIONS; FEES FOR CONSULTANT AND LEGAL SERVICES; AND ANY EXPENDITURE DEFINED IN INTERNAL REVENUE CODE SECTION 175(C)(1), INCLUDING EXPENDITURES RELATED TO THE APPLICATION OF LIME AND FERTILIZER, IMPROVEMENT OF DRAINAGE IN THE CASE OF OPEN AREAS THAT HAVE BEEN USED FOR AGRICULTURAL PURPOSES AT ANY TIME IN THE PAST, AND EXPENDITURES RELATED TO THE DECONSTRUCTION AND REMOVAL OF FENCES, STREAM CROSSINGS AND NECESSARY RIPARIAN BUFFERS AND FORESTLAND IMPROVEMENTS AS REQUIRED BY THE NATURAL RESOURCES IMPROVEMENT PROJECT.

(2) "FARMLAND AND FORESTLAND" SHALL MEAN LAND WHICH, DURING THE TAXABLE YEAR IN WHICH THE CREDIT IS CLAIMED PURSUANT TO THIS SUBDIVISION, IS ELIGIBLE FOR AN AGRICULTURAL ASSESSMENT PURSUANT TO ARTICLE TWENTY-FIVE-AA OF THE AGRICULTURE AND MARKETS LAW OR ELIGIBLE FOR A FOREST ASSESSMENT UNDER SECTION FOUR HUNDRED EIGHTY-A OF THE REAL PROPERTY TAX LAW.

(3) "NATURAL RESOURCES IMPROVEMENT PROJECT" SHALL MEAN THE RESTORATION OF FARMLAND AND FORESTLAND FOR THE PRODUCTION OF AGRICULTURAL PERENNIAL CROPS, INCLUDING THOSE CROPS INTENDED FOR ENERGY PRODUCTION PURPOSES, BY IMPROVING SUCH LAND WHICH HAS NOT BEEN USED IN AGRICULTURAL PRODUCTION FOR TWO OR MORE YEARS PRIOR TO THE INITIATION OF SUCH RESTORATION OR FORESTLAND IMPROVEMENTS REQUIRED IN THE MANAGEMENT PLAN.

(C) APPLICATION OF CREDIT. THE CREDIT ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR MAY NOT REDUCE THE TAX DUE FOR SUCH YEAR TO LESS THAN THE AMOUNT PRESCRIBED IN PARAGRAPH (D) OF SUBDIVISION ONE OF THIS SECTION. HOWEVER, IF THE AMOUNT OF CREDIT ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR REDUCES THE TAX TO SUCH AMOUNT, ANY AMOUNT OF CREDIT THUS NOT DEDUCTIBLE IN SUCH TAXABLE YEAR WILL BE TREATED AS AN OVERPAYMENT OF TAX TO BE CREDITED OR REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF SECTION ONE THOUSAND EIGHTY-SIX OF THIS CHAPTER. PROVIDED, HOWEVER, THE PROVISIONS OF SUBSECTION (C) OF SECTION ONE THOUSAND EIGHTY-EIGHT OF THIS CHAPTER NOTWITHSTANDING, NO INTEREST WILL BE PAID THEREON.

S 3. Subparagraph (B) of paragraph 1 of subsection (i) of section 606 of the tax law is amended by adding a new clause (xxxvii) to read as follows:

(XXXVII) NATURAL RESOURCE	AMOUNT OF CREDIT FOR ELIGIBLE
IMPROVEMENT CREDIT FOR	EXPENDITURES FOR A NATURAL
FARMLANDS AND	RESOURCES IMPROVEMENT PROJECT
FORESTLANDS UNDER	UNDER SUBDIVISION FORTY-EIGHT
SUBSECTION (U)	OF SECTION TWO HUNDRED TEN

S 4. Section 606 of the tax law is amended by adding a new subsection (u) to read as follows:

(U) NATURAL RESOURCE IMPROVEMENT CREDIT FOR FARMLANDS AND FORESTLANDS.
 (1) ALLOWANCE OF CREDIT. FOR TAXABLE YEARS BEGINNING ON OR AFTER JANUARY FIRST, TWO THOUSAND FIFTEEN, A TAXPAYER SHALL BE ALLOWED A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE IN AN AMOUNT EQUAL TO TWENTY-FIVE PERCENT OF THE TAXPAYER'S ELIGIBLE EXPENDITURES DURING THE

TAX YEAR FOR A NATURAL RESOURCE IMPROVEMENT PROJECT. PROVIDED, HOWEVER, THAT THE CREDIT GRANTED FOR ANY NATURAL RESOURCE IMPROVEMENT PROJECT PURSUANT TO THIS SUBSECTION SHALL NOT EXCEED FIFTY THOUSAND DOLLARS.

(2) DEFINITIONS. FOR THE PURPOSES OF THIS SUBSECTION, THE FOLLOWING DEFINITIONS SHALL APPLY:

(A) "ELIGIBLE EXPENDITURES" SHALL MEAN FEES FOR ARCHITECTURAL, ARCHEOLOGICAL, GEOLOGICAL AND ENGINEERING SERVICES; THE COSTS OF DEVELOPING PLANS AND SPECIFICATIONS; FEES FOR CONSULTANT AND LEGAL SERVICES; AND ANY EXPENDITURE DEFINED IN INTERNAL REVENUE CODE SECTION 175(C)(1), INCLUDING EXPENDITURES RELATED TO THE APPLICATION OF LIME AND FERTILIZER, IMPROVEMENT OF DRAINAGE IN THE CASE OF OPEN AREAS THAT HAVE BEEN USED FOR AGRICULTURAL PURPOSES AT ANY TIME IN THE PAST, AND EXPENDITURES RELATED TO THE DECONSTRUCTION AND REMOVAL OF FENCES, STREAM CROSSINGS AND NECESSARY RIPARIAN BUFFERS AND FORESTLAND IMPROVEMENTS AS REQUIRED BY THE NATURAL RESOURCE IMPROVEMENT PROJECT.

(B) "FARMLAND AND FORESTLAND" SHALL MEAN LAND WHICH, DURING THE TAXABLE YEAR IN WHICH THE CREDIT IS CLAIMED PURSUANT TO THIS SUBSECTION, IS ELIGIBLE FOR AN AGRICULTURAL ASSESSMENT PURSUANT TO ARTICLE TWENTY-FIVE-AA OF THE AGRICULTURE AND MARKETS LAW OR ELIGIBLE FOR A FOREST ASSESSMENT UNDER SECTION FOUR HUNDRED EIGHTY-A OF THE REAL PROPERTY TAX LAW.

(C) "NATURAL RESOURCE IMPROVEMENT PROJECT" SHALL MEAN THE RESTORATION OF FARMLAND AND FORESTLAND FOR THE PRODUCTION OF AGRICULTURAL PERENNIAL CROPS, INCLUDING THOSE CROPS INTENDED FOR ENERGY PRODUCTION PURPOSES, BY IMPROVING SUCH LAND WHICH HAS NOT BEEN USED IN AGRICULTURAL PRODUCTION FOR TWO OR MORE YEARS PRIOR TO THE COMPLETION OF SUCH RESTORATION OR HAD A COMMERCIAL TIMBER HARVEST WITHIN THE PAST FIVE YEARS.

(3) APPLICATION OF CREDIT. IF THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS SUBSECTION SHALL EXCEED THE TAXPAYER'S TAX FOR SUCH YEAR, THE TAXPAYER MAY RECEIVE AND THE COMPTROLLER, SUBJECT TO A CERTIFICATE OF THE COMMISSIONER, SHALL PAY AS AN OVERPAYMENT, WITHOUT INTEREST, THE AMOUNT OF SUCH EXCESS.

S 5. Paragraph 4 of subsection (b) of section 612 of the tax law, as amended by chapter 406 of the laws of 1990, is amended to read as follows:

(4) Interest on indebtedness incurred or continued to purchase or carry obligations or securities the interest on which is exempt from tax under this article, to the extent deductible in determining federal adjusted gross income; PROVIDED THAT IN THE EVENT THE TAXPAYER CLAIMS THE NATURAL RESOURCE IMPROVEMENT CREDIT FOR FARMLANDS AND FORESTLANDS ESTABLISHED PURSUANT TO SUBSECTION (U) OF SECTION SIX HUNDRED SIX OF THIS ARTICLE, THE AMOUNT OF ANY EXPENDITURES DEFINED IN INTERNAL REVENUE CODE SECTION 175(C)(1) THAT THE TAXPAYER DEDUCTED FROM HIS OR HER FEDERAL GROSS INCOME ON HIS OR HER FEDERAL TAX RETURN FOR THE TAX YEAR.

S 6. This act shall take effect immediately and shall apply to restoration projects initiated on or after such date.

PART AAA

Section 1. Subsection (c) of section 612 of the tax law is amended by adding a new paragraph 41 to read as follows:

(41) THE AMOUNT THAT MAY BE SUBTRACTED FROM FEDERAL ADJUSTED GROSS INCOME PURSUANT TO SUBSECTION (W) OF THIS SECTION.

S 2. Section 612 of the tax law is amended by adding a new subsection (w) to read as follows:

(W) CONTRIBUTIONS MADE TO A FARM RESERVE ACCOUNT. (1) THERE SHALL BE SUBTRACTED FROM FEDERAL ADJUSTED GROSS INCOME CONTRIBUTIONS MADE BY AN ELIGIBLE FARMER TO A FARM RESERVE ACCOUNT, PROVIDED SUCH CONTRIBUTIONS SHALL NOT EXCEED FIVE THOUSAND DOLLARS FOR AN INDIVIDUAL TAXPAYER AND SHALL NOT EXCEED TEN THOUSAND DOLLARS FOR MARRIED TAXPAYERS.

(2) ELIGIBLE FARMER. FOR THE PURPOSES OF THIS SUBSECTION, THE TERM "ELIGIBLE FARMER" MEANS A TAXPAYER WHOSE FEDERAL GROSS INCOME FROM FARMING FOR THE TAXABLE YEAR IS AT LEAST TWO-THIRDS OF EXCESS FEDERAL GROSS INCOME.

(3) FOR PURPOSES OF THIS SUBSECTION A "FARM RESERVE ACCOUNT" SHALL MEAN AN ACCOUNT ORGANIZED OR CREATED IN THIS STATE FOR THE EXCLUSIVE BENEFIT OF AN INDIVIDUAL AND HIS OR HER SPOUSE WHO IS AN ELIGIBLE FARMER FOR THE PURPOSE OF MITIGATING THE LOSS OF INCOME RESULTING FROM DIMINISHED YIELDS OR PRODUCTION DUE TO NATURAL DISASTER, INFESTATION, DISEASE, INVASIVE SPECIES, OR OTHER CONDITIONS TO BE DETERMINED BY THE COMMISSIONER OF AGRICULTURE AND MARKETS. EVERY SUCH ACCOUNT SHALL COMPLY WITH THE FOLLOWING REQUIREMENTS:

(I) THE ACCOUNT SHALL BE HELD IN A BANKING ORGANIZATION, AS DEFINED IN SECTION TWO OF THE BANKING LAW, NATIONAL BANKING ASSOCIATION, STATE CHARTERED CREDIT UNION, FEDERAL MUTUAL SAVINGS BANK, FEDERAL SAVINGS AND LOAN ASSOCIATION, OR FEDERAL CREDIT UNION AND SUCH ACCOUNT WAS ESTABLISHED PURSUANT TO THIS SUBSECTION.

(II) ANY AMOUNT IN THE ACCOUNT IS NONFORFEITABLE.

(III) THE FUNDS IN SUCH ACCOUNT SHALL NOT BE COMMINGLED WITH ANY OTHER MONIES OF THE INDIVIDUAL BY THE TRUSTEE.

(4) WITHIN SIXTY DAYS AFTER WITHDRAWAL OF MONEYS FROM A FARM PURCHASE ACCOUNT, AN INDIVIDUAL SHALL SUBMIT SATISFACTORY PROOF TO THE COMMISSIONER, UPON FORMS PROVIDED BY THE DEPARTMENT, THAT THE MONIES WITHDRAWN WERE USED TO MITIGATE THE LOSS OF INCOME. IN THE EVENT THAT AN INDIVIDUAL WITHDRAWS ALL OR ANY PART OF THE MONIES FROM THE ACCOUNT IN THE ABSENCE OF LOSS OF INCOME PURSUANT TO PARAGRAPH THREE OF THIS SUBSECTION, OR FAILS TO SUBMIT TO THE COMMISSIONER THE PROOF AS REQUIRED PURSUANT TO THIS PARAGRAPH, SUCH INDIVIDUAL SHALL HAVE THE ENTIRE ACCOUNT TAXED AS THOUGH IT WAS INCOME IN THE YEARS THAT THE MONIES FROM THE ACCOUNT WERE DEPOSITED.

(5) THE COMMISSIONER IS HEREBY DIRECTED TO PROMULGATE ALL RULES AND REGULATIONS, AFTER CONSULTATION WITH THE DEPARTMENT OF FINANCIAL SERVICES AND THE DEPARTMENT OF AGRICULTURE AND MARKETS, NECESSARY TO IMPLEMENT THE PROVISIONS OF THIS SUBSECTION AND TO MAXIMIZE THE EFFECT OF THIS SUBSECTION. THE COMMISSIONER AND THE BANKING BOARD ARE HEREBY DIRECTED TO COOPERATE WITH EACH OTHER IN THE ESTABLISHMENT, SUPERVISION AND REGULATION OF THE INDIVIDUAL FARM PURCHASE ACCOUNTS AUTHORIZED TO BE CREATED IN THIS SUBSECTION.

S 3. This act shall take effect immediately and shall apply to taxable years beginning on or after January 1, 2015.

PART BBB

Section 1. Clauses (E) and (F) of subparagraph 5 of paragraph b of subdivision 1 of section 1016 of the racing, pari-mutuel wagering and breeding law are REPEALED.

S 2. Section 1017 of the racing, pari-mutuel wagering and breeding law, as amended by chapter 18 of the laws of 2008, subdivision 2 as amended by chapter 174 of the laws of 2013, is amended to read as follows:

1 S 1017. Out-of-state or out-of-country races. [1.] Licensed simulcast
2 facilities may accept wagers and display the signal of out-of-state or
3 out-of-country thoroughbred tracks after 7Labor P.M. in accordance with
4 the provisions of this section. Such simulcasting may include mixed
5 meetings if such meetings are integral to such racing programs and all
6 such wagering on such races shall be construed to be thoroughbred races.
7 For facilities located within the special betting district, such
8 approval shall also be required from a thoroughbred racing corporation
9 during the period a racing program is being conducted at such track.
10 Such approval shall not be required on any day such thoroughbred racing
11 corporation is also accepting an out-of-state or out-of-country signal
12 and wager, as authorized by this section. The provisions of section one
13 thousand sixteen of this article shall be applicable to the conduct of
14 such simulcasting and the provisions of clauses (A) and (B) of subpara-
15 graph four of paragraph b of subdivision one of section one thousand
16 sixteen of this article shall apply to those facilities licensed in
17 accordance with sections one thousand eight and one thousand nine of
18 this article and the provisions of clauses (A) and (B) of subparagraph
19 six of paragraph b of subdivision one of section one thousand sixteen of
20 this article shall apply to those facilities licensed in accordance with
21 section one thousand seven of this article, when such provisions are in
22 full force and effect pursuant to such section. Provided, however, the
23 provisions of section one thousand fourteen of this article shall be
24 applicable to the conduct of such simulcasting, when such provisions are
25 in full force and effect pursuant to such section.

26 [2. a. Maintenance of effort. Any off-track betting corporation which
27 engages in accepting wagers on the simulcasts of thoroughbred races from
28 out-of-state or out-of-country as permitted under subdivision one of
29 this section shall submit to the commission, for its approval, a sched-
30 ule of payments to be made in any year or portion thereof, that such
31 off-track corporation engages in nighttime thoroughbred simulcasting. In
32 order to be approved by the commission, the payment schedule shall be
33 identical to the actual payments and distributions of such payments to
34 [tracks and] purses made by such off-track corporation pursuant to the
35 provisions of section one thousand fifteen of this article during the
36 year two thousand two, as derived from out-of-state harness races
37 displayed after 6:00 P.M. If approved by the commission, such scheduled
38 payments shall be made from revenues derived from any simulcasting
39 conducted pursuant to this section and section one thousand fifteen of
40 this article.

41 b. Additional payments. During each calendar year, to the extent, and
42 at such time in the event, that aggregate statewide wagering handle
43 after 7Labor P.M. on out-of-state and out-of-country thoroughbred races
44 exceeds one hundred million dollars, each off-track betting corporation
45 conducting such simulcasting shall pay to its regional harness track or
46 tracks, an amount equal to two percent of its proportionate share of
47 such excess handle. In any region where there are two or more regional
48 harness tracks, such two percent shall be divided between or among the
49 tracks in a proportion equal to the proportion of handle on live harness
50 races conducted at such tracks during the preceding calendar year. Fifty
51 percent of the sum received by each track pursuant to this paragraph
52 shall be used exclusively for increasing purses, stakes and prizes at
53 that regional harness track. For the purpose of determining whether such
54 aggregate statewide handle exceeds one hundred million dollars, all
55 wagering on such thoroughbred races accepted by licensed multi-jurisdic-

1 tional account wagering providers from customers within New York state
2 shall be excluded.]

3 S 3. Subdivision 2 of section 529 of the racing, pari-mutuel wagering
4 and breeding law is amended to read as follows:

5 2. [Ninety-five percent of the balance of such account remaining
6 unclaimed as of the last day of February of such year shall be paid to
7 the state tax commission by March fifteenth. On or before April tenth of
8 each year the balance of such account and any other unclaimed amounts
9 received in the course of conducting off-track betting shall be paid by
10 such corporation to the state tax commission. A penalty of five percent
11 and interest at the rate of one percent per month from the due date to
12 the date of payment of the unclaimed balance due March fifteenth or
13 April tenth, as the case may be, shall be payable in case such balance
14 is not paid when due. Such amounts, interest and penalties when
15 collected by the state tax commission shall be deposited into the gener-
16 al fund of the state treasury] ON APRIL FIRST OF EACH YEAR, THE AMOUNT
17 OF TICKETS REMAINING UNCLAIMED FROM THE PRIOR YEAR MAY BE USED FOR
18 CORPORATE PURPOSES.

19 S 4. Paragraph b of subdivision 3 of section 1009 of the racing, pari-
20 mutuel wagering and breeding law, as amended by chapter 18 of the laws
21 of 2008, is amended to read as follows:

22 b. Letters of consent to the application from any regional track which
23 is not a party to the operation of the proposed theater unless such
24 track is located more than [forty] TEN miles from the proposed simulcast
25 theater; and a copy of any agreement between the applicant and such
26 corporation pursuant to which such consent has been given, subject to
27 the provision of subdivision two of section one thousand seven of this
28 article. Notwithstanding the foregoing, the Nassau region may apply to
29 locate [one simulcast theater] ANY FAST TRACK BETTING LOCATIONS within
30 Nassau County without a letter of consent from the operator of the
31 regional track [provided the proposed simulcast theater is not within
32 fifteen miles of the closest border of any racing facility operated by a
33 franchised corporation].

34 S 5. Section 503 of the racing, pari-mutuel wagering and breeding law
35 is amended by adding a new subdivision 14 to read as follows:

36 14. ON AND AFTER MAY FIRST, TWO THOUSAND FOURTEEN, ANY REGIONAL
37 OFF-TRACK BETTING CORPORATION WITH A CAPITAL RESERVE FUND IN EXCESS OF
38 FIVE MILLION DOLLARS SHALL DISBURSE ANY EXCESS FUNDS TO ITS PARTICIPAT-
39 ING COUNTIES IN PROPORTION TO SUCH COUNTY'S POPULATION MEASURED AGAINST
40 THE TOTAL POPULATION OF THE REGION.

41 S 6. Subdivision 1 of section 1012 of the racing, pari-mutuel wagering
42 and breeding law, as amended by chapter 174 of the laws of 2013, is
43 amended to read as follows:

44 1. Racing associations and corporations, franchised corporations,
45 off-track betting corporations and multi-jurisdictional account wagering
46 providers may form partnerships, joint ventures, or any other affil-
47 iations or contractual arrangement in order to further the purposes of
48 this section. Multi-jurisdictional account wagering providers involved
49 in such joint affiliations or contractual arrangements shall follow the
50 same distributional policy with respect to retained commissions as
51 [their in-state affiliate or contractual partner] A MULTI-JURISDICTIONAL
52 ACCOUNT WAGERING PROVIDER DEFINED IN THIS ARTICLE; PROVIDED, HOWEVER,
53 THAT SUCH JOINT AFFILIATION OR CONTRACTUAL ARRANGEMENT ENTERED INTO ON
54 OR AFTER THE EFFECTIVE DATE OF THE CHAPTER OF THE LAWS OF TWO THOUSAND
55 FOURTEEN THAT AMENDED THIS SUBDIVISION SHALL BE SUBJECT TO THE REVIEW
56 AND APPROVAL OF THE NEW YORK STATE GAMING COMMISSION TO DETERMINE IF

1 SUCH AFFILIATION OR CONTRACTUAL ARRANGEMENT IS IN THE BEST INTEREST OF
2 THE RACING INDUSTRY OF THIS STATE.

3 S 7. This act shall take effect immediately, provided however that
4 section six of this act shall be deemed to have been in full force and
5 effect on and after January 1, 2014.

6 PART CCC

7 Section 1. Subdivision b of section 1617-a of the tax law, as amended
8 by section 5 of part K of chapter 57 of the laws of 2010, is amended to
9 read as follows:

10 b. Video lottery gaming shall only be permitted for no more than twen-
11 ty consecutive hours per day and on no day shall such operation be
12 conducted past [4:00] 6:00 a.m.

13 S 2. Paragraph 3 of subdivision f of section 1617-a of the tax law, as
14 added by section 2 of part O of chapter 61 of the laws of 2011, is
15 amended to read as follows:

16 (3) For each video lottery facility, the annual value of the free play
17 allowance credits authorized for use by the operator pursuant to this
18 subdivision shall not exceed an amount equal to [ten] FIFTEEN percent of
19 the total amount wagered on video lottery games after payout of prizes.
20 The division shall establish procedures to assure that free play allow-
21 ance credits do not exceed such amount.

22 S 3. Paragraph 4 of subdivision a of section 1617-a of the tax law, as
23 added by chapter 174 of the laws of 2013, is amended to read as follows:

24 (4) at a maximum of two facilities, neither to exceed [one] TWO thou-
25 sand video lottery gaming devices, established within region three of
26 zone one as defined by section one thousand three hundred ten of the
27 racing, pari-mutuel wagering and breeding law, one each operated by a
28 corporation established pursuant to section five hundred two of the
29 racing, pari-mutuel wagering and breeding law in the Suffolk region and
30 the Nassau region to be located within a facility authorized pursuant to
31 sections one thousand eight or one thousand nine of the racing, pari-mu-
32 tuel wagering and breeding law. The facilities authorized pursuant to
33 this paragraph shall be deemed vendors for all purposes under this arti-
34 cle.

35 S 4. This act shall take effect immediately.

36 PART DDD

37 Section 1. Subparagraph (iii) of paragraph 1 of subdivision b of
38 section 1612 of the tax law, as separately amended by chapters 174 and
39 175 of the laws of 2013, is amended to read as follows:

40 (iii) less an additional vendor's marketing allowance at a rate of ten
41 percent for the first one hundred million dollars annually AND FOR ANY
42 VENDOR TRACK LOCATED WEST OF STATE ROUTE 14 FROM SODUS POINT TO THE
43 PENNSYLVANIA BORDER WITHIN NEW YORK AND ANY VENDOR TRACK IN ONEIDA COUN-
44 TY AT A RATE OF TWELVE AND ONE-HALF PERCENT FOR THE FIRST ONE HUNDRED
45 MILLION DOLLARS ANNUALLY and eight percent thereafter of the total
46 revenue wagered at the vendor track after payout for prizes to be used
47 by the vendor track for the marketing and promotion and associated costs
48 of its video lottery gaming operations and pari-mutuel horse racing
49 operations, as long as any such costs associated with pari-mutuel horse
50 racing operations simultaneously encourage increased attendance at such
51 vendor's video lottery gaming facilities, consistent with the customary
52 manner of marketing comparable operations in the industry and subject to

1 the overall supervision of the division; provided, however, that the
2 additional vendor's marketing allowance shall not exceed eight percent
3 in any year for any operator of a racetrack located in the county of
4 Westchester or Queens; provided, however, a vendor track that receives a
5 vendor fee pursuant to clause (G) of subparagraph (ii) of this paragraph
6 shall not receive the additional vendor's marketing allowance; provided,
7 however, except [for] THAT a vendor track located west of State Route 14
8 from Sodus Point to the Pennsylvania border within New York AND ANY
9 VENDOR TRACK IN ONEIDA COUNTY shall continue to receive a marketing
10 allowance of [ten] TWELVE AND ONE-HALF percent on total revenue wagered
11 at the vendor track after payout for prizes in excess of one hundred
12 million dollars annually provided, however, a vendor that receives a
13 vendor fee pursuant to clause (G-1) of subparagraph (ii) of this para-
14 graph shall receive an additional marketing allowance at a rate of ten
15 percent of the total revenue wagered at the video lottery gaming facili-
16 ty after payout for prizes. In establishing the vendor fee,
17 S 2. This act shall take effect immediately.

PART EEE

18
19 Section 1. Clause (D) of subparagraph (i) of paragraph 1 of subdivi-
20 sion b of section 1612 of the tax law, as amended by chapter 174 of the
21 laws of 2013, is amended to read as follows:
22 (D) notwithstanding clauses (A), (B) and (C) of this subparagraph,
23 when the vendor track is located within [fifteen miles of a Native Amer-
24 ican class III gaming facility] REGION FOUR OR SIX OF DEVELOPMENT ZONE
25 TWO AS DEFINED BY SECTION THIRTEEN HUNDRED TEN OF THE RACING, PARI-MUTU-
26 EL WAGERING AND BREEDING LAW at a rate of forty-one percent of the total
27 revenue wagered at the vendor track after payout for prizes pursuant to
28 this chapter;
29 S 2. This act shall take effect immediately.

PART FFF

30
31 Section 1. Paragraph 1 of subdivision f of section 1612 of the tax
32 law, as amended by chapter 174 of the laws of 2013, is amended to read
33 as follows:
34 1. Six and one-half percent of the total wagered after payout of
35 prizes for the first year of operation of video lottery gaming at Aque-
36 duct racetrack, seven percent of the total wagered after payout of
37 prizes for the second year of operation, and seven and one-half percent
38 of the total wagered after payout of prizes for the third year of opera-
39 tion and thereafter, for the purpose of enhancing purses at Aqueduct
40 racetrack, Belmont Park racetrack and Saratoga race course. One percent
41 of such purse enhancement amount shall be paid to the gaming commission
42 to be used exclusively to promote and ensure equine health and safety in
43 New York. ADDITIONALLY, TWO PERCENT OF SUCH PURSE ENHANCEMENT, BUT NO
44 LESS THAN ONE MILLION THREE HUNDRED THOUSAND DOLLARS SHALL BE PAID TO
45 THE JOCKEY'S ORGANIZATION WHICH ON THE EFFECTIVE DATE OF THE CHAPTER OF
46 THE LAWS OF TWO THOUSAND FOURTEEN WHICH AMENDED THIS PARAGRAPH REPRES-
47 ENTS AT LEAST FIFTY-ONE PERCENT OF THE JOCKEYS WHO REGULARLY RACE AT
48 THOROUGHBRED RACE TRACKS IN NEW YORK STATE. SUCH FUND SHALL BE USED
49 EXCLUSIVELY BY SUCH JOCKEY'S ORGANIZATION TO PROVIDE HEALTH, LIFE, DISA-
50 BILITY OR PENSION BENEFITS FOR ACTIVE, RETIRED OR DISABLED JOCKEYS WHO
51 REGULARLY RACE OR RACED AT THOROUGHBRED RACE TRACKS IN NEW YORK STATE.
52 ANY PORTION OF SUCH FUNDING TO SUCH JOCKEY'S ORGANIZATION UNUSED DURING

THE FISCAL YEAR SHALL BE RETURNED ON A PRO RATA BASIS IN ACCORDANCE WITH THE AMOUNTS ORIGINALLY CONTRIBUTED AND SHALL BE USED FOR THE PURPOSE OF ENHANCING PURSES AT SUCH TRACKS. ADDITIONALLY, TWO HUNDRED FIFTY THOUSAND DOLLARS FROM SUCH PURSE ENHANCEMENT SHALL BE PROVIDED TO THE GAMING COMMISSION ANNUALLY TO BE USED EXCLUSIVELY FOR FAN DEVELOPMENT. Any portion of such funding to the gaming commission unused during a fiscal year shall be returned on a pro rata basis in accordance with the amounts originally contributed and shall be used for the purpose of enhancing purses at such tracks.

S 2. This act shall take effect immediately.

PART GGG

Section 1. Section 1016 of the racing, pari-mutuel wagering and breeding law is amended by adding a new subdivision 3 to read as follows:

3. NOTWITHSTANDING SUBDIVISIONS ONE AND TWO OF THIS SECTION AND ANY OTHER APPLICABLE LAWS TO THE CONTRARY, ON DAYS WHEN THERE IS NO LIVE RACE MEETING AT BELMONT PARK AND THE NEW YORK RACING ASSOCIATION ("NYRA") IS ACCEPTING WAGERING ON NON-NYRA TRACKS AT BELMONT PARK, NASSAU REGIONAL OFF-TRACK BETTING CORPORATION SHALL RECEIVE ON A MONTHLY BASIS, FROM ALL NON-NYRA TRACKS WAGERS MADE AT BELMONT PARK, THE SAME ABOVE PERCENTAGE HANDLE BASED ON TYPE OF WAGER AS NASSAU REGIONAL OFF-TRACK BETTING CORPORATION PAYS A FRANCHISED CORPORATION PURSUANT TO THIS SECTION.

S 2. This act shall take effect immediately.

PART HHH

Section 1. The opening paragraph of paragraph 1 of subdivision b of section 1612 of the tax law, as amended by chapter 174 of the laws of 2013, is amended to read as follows:

Notwithstanding section one hundred twenty-one of the state finance law, on or before the twentieth day of each month, the division shall pay into the state treasury, to the credit of the state lottery fund created by section ninety-two-c of the state finance law, not less than forty-five percent of the total amount for which tickets have been sold for games defined in paragraph four of subdivision a of this section during the preceding month, not less than thirty-five percent of the total amount for which tickets have been sold for games defined in paragraph three of subdivision a of this section during the preceding month, not less than twenty percent of the total amount for which tickets have been sold for games defined in paragraph two of subdivision a of this section during the preceding month, provided however that for games with a prize payout of seventy-five percent of the total amount for which tickets have been sold, the division shall pay not less than ten percent of sales into the state treasury and not less than twenty-five percent of the total amount for which tickets have been sold for games defined in paragraph one of subdivision a of this section during the preceding month; THE BALANCE OF THE TOTAL REVENUE AFTER PAYOUT FOR PRIZES FOR GAMES KNOWN AS "VIDEO LOTTERY GAMING," INCLUDING ANY JOINT, MULTI-JURISDICTION, AND OUT-OF-STATE VIDEO LOTTERY GAMING (I) LESS FIVE PERCENT OF SUCH TOTAL REVENUE TO BE RETAINED BY THE COMMISSION FOR ADMINISTRATION PURPOSES; AND (II) LESS A VENDER'S FEE OF TWENTY-FIVE PERCENT OF SUCH TOTAL REVENUE TO BE PAID TO THE AIRPORT CONCESSIONAIRE FOR SERVING AS THE LOTTERY AGENT and the balance of the total revenue after payout for prizes for games known as "video lottery gaming," including any joint,

1 multi-jurisdiction, and out-of-state video lottery gaming, (i) less ten
2 percent of the total revenue wagered after payout for prizes to be
3 retained by the division for operation, administration, and procurement
4 purposes; (ii) less a vendor's fee the amount of which is to be paid for
5 serving as a lottery agent to the track operator of a vendor track or
6 the operator of a resort facility or the operator of any other video
7 lottery gaming facility authorized pursuant to section one thousand six
8 hundred seventeen a of this article:

9 S 2. The opening paragraph of subdivision a of section 1617-a of the
10 tax law, as amended by section 2 of part O-1 of chapter 57 of the laws
11 of 2009, is amended to read as follows:

12 The division of the lottery is hereby authorized to license, pursuant
13 to rules and regulations to be promulgated by the division of the
14 lottery, the operation of video lottery gaming: (A) at Aqueduct, Monti-
15 cello, Yonkers, Finger Lakes, and Vernon Downs racetracks, [or] (B) at
16 any other racetrack licensed pursuant to article three of the racing,
17 pari-mutuel wagering and breeding law that are located in a county or
18 counties in which video lottery gaming has been authorized pursuant to
19 local law, excluding the licensed racetrack commonly referred to in
20 article three of the racing, pari-mutuel wagering and breeding law as
21 the "New York state exposition" held in Onondaga county and the race-
22 tracks of the non-profit racing association known as Belmont Park race-
23 track and the Saratoga thoroughbred racetrack, OR (C) IN THE POST SECU-
24 RITY DEPARTURE AREAS OF AN INTERNATIONAL AIRPORT BY AIRPORT
25 CONCESSIONAIRES LICENSED BY THE DIVISION; PROVIDED THAT SUCH VIDEO
26 LOTTERY GAMING IS CONDUCTED ON DEVICES PROVIDED BY THE AIRPORT CONCES-
27 SIONAIRES AND APPROVED BY THE DIVISION. THE AIRPORT CONCESSIONAIRES AT
28 FACILITIES AUTHORIZED PURSUANT TO THIS PARAGRAPH SHALL BE DEEMED VENDORS
29 FOR ALL PURPOSES UNDER THIS ARTICLE, AND NEED NOT BE LICENSED THOROUGH-
30 BRED OR HARNESS RACING ASSOCIATIONS OR CORPORATIONS. THE VIDEO LOTTERY
31 DEVICES PROVIDED BY AIRPORT CONCESSIONAIRES AND APPROVED BY THE DIVISION
32 MAY BE ANY FORM OF TABLET OR SIMILAR MULTI-FUNCTION DEVICE AND NEED NOT
33 BE SINGLE PURPOSE LOTTERY TERMINALS. FOR THE PURPOSES OF THIS ARTICLE,
34 AN INTERNATIONAL AIRPORT SHALL MEAN AN AIRPORT LOCATED WITHIN A CITY OF
35 A POPULATION OF ONE MILLION OR MORE WITH REGULARLY SCHEDULED DOMESTIC
36 AND INTERNATIONAL, INCLUDING CROSS-BORDER, PASSENGER FLIGHTS. Such
37 rules and regulations shall provide, as a condition of licensure, that
38 racetracks to be licensed are certified to be in compliance with all
39 state and local fire and safety codes, that the division is afforded
40 adequate space, infrastructure, and amenities consistent with industry
41 standards for such video gaming operations as found at racetracks in
42 other states, that racetrack employees involved in the operation of
43 video lottery gaming pursuant to this section are licensed by the racing
44 and wagering board, and such other terms and conditions of licensure as
45 the division may establish. Notwithstanding any inconsistent provision
46 of law, video lottery gaming at a racetrack pursuant to this section
47 shall be deemed an approved activity for such racetrack under the rele-
48 vant city, county, town, or village land use or zoning ordinances,
49 rules, or regulations. No entity licensed by the division operating
50 video lottery gaming pursuant to this section may house such gaming
51 activity in a structure deemed or approved by the division as "tempo-
52 rary" for a duration of longer than [eighteen-months] EIGHTEEN MONTHS.
53 Nothing in this section shall prohibit the division from licensing an
54 entity to operate video lottery gaming at an existing racetrack as
55 authorized in this subdivision whether or not a different entity is
56 licensed to conduct horse racing and pari-mutuel wagering at such race-

1 track pursuant to article two or three of the racing, pari-mutuel wager-
2 ing and breeding law.

3 S 3. This act shall take effect immediately.

4 PART III

5 Section 1. Paragraph (c) of subdivision 30 of section 210 of the tax
6 law is relettered paragraph (d) and a new paragraph (c) is added to read
7 as follows:

8 (C) TREATMENT OF CREDIT. THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS
9 SUBDIVISION SHALL BE TREATED AS AN OVERPAYMENT OF TAX TO BE CREDITED OR
10 REFUNDED, PROVIDED THAT THE CREDITS: (1) HAVE AN ELIGIBILITY STATEMENT
11 ISSUED BY THE COMMISSIONER OF HOUSING AND COMMUNITY RENEWAL PURSUANT TO
12 ARTICLE TWO-A OF THE PUBLIC HOUSING LAW, AND (2) ARE AVAILABLE PURSUANT
13 TO LAW ENACTED AFTER JANUARY FIRST, TWO THOUSAND FOURTEEN. PROVIDED,
14 HOWEVER, THAT NOTWITHSTANDING THE PROVISIONS OF SUBSECTION (C) OF
15 SECTION ONE THOUSAND EIGHTY-EIGHT OF THIS CHAPTER, NO INTEREST SHALL BE
16 PAID THEREON.

17 S 2. Paragraph 3 of subsection (x) of section 606 of the tax law is
18 renumbered paragraph 4 and a new paragraph 3 is added to read as
19 follows:

20 (3) TREATMENT OF CREDIT. THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS
21 SUBSECTION SHALL BE TREATED AS AN OVERPAYMENT OF TAX TO BE CREDITED OR
22 REFUNDED AS PROVIDED IN SECTION SIX HUNDRED EIGHTY-SIX OF THIS ARTICLE,
23 PROVIDED THAT THE CREDITS: (I) HAVE AN ELIGIBILITY STATEMENT ISSUED BY
24 THE COMMISSIONER OF HOUSING AND COMMUNITY RENEWAL PURSUANT TO ARTICLE
25 TWO-A OF THE PUBLIC HOUSING LAW, AND (II) ARE AVAILABLE PURSUANT TO LAW
26 ENACTED AFTER JANUARY FIRST, TWO THOUSAND FOURTEEN. PROVIDED, HOWEVER,
27 THAT NO INTEREST SHALL BE PAID THEREON.

28 S 3. Paragraph 3 of subsection (1) of section 1456 of the tax law is
29 renumbered paragraph 4 and a new paragraph 3 is added to read as
30 follows:

31 (3) TREATMENT OF CREDIT. THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS
32 SUBSECTION SHALL BE TREATED AS AN OVERPAYMENT OF TAX TO BE CREDITED OR
33 REFUNDED, PROVIDED THAT THE CREDITS: (A) HAVE AN ELIGIBILITY STATEMENT
34 ISSUED BY THE COMMISSIONER OF HOUSING AND COMMUNITY RENEWAL PURSUANT TO
35 ARTICLE TWO-A OF THE PUBLIC HOUSING LAW, AND (B) ARE AVAILABLE PURSUANT
36 TO LAW ENACTED AFTER JANUARY FIRST, TWO THOUSAND FOURTEEN. PROVIDED,
37 HOWEVER, THAT NOTWITHSTANDING THE PROVISIONS OF SUBSECTION (C) OF
38 SECTION ONE THOUSAND EIGHTY-EIGHT OF THIS CHAPTER, NO INTEREST SHALL BE
39 PAID THEREON.

40 S 4. Paragraph 3 of subdivision (n) of section 1511 of the tax law is
41 renumbered paragraph 4 and a new paragraph 3 is added to read as
42 follows:

43 (3) TREATMENT OF CREDIT. THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS
44 SUBDIVISION SHALL BE TREATED AS AN OVERPAYMENT OF TAX TO BE CREDITED OR
45 REFUNDED, PROVIDED THAT THE CREDITS: (A) HAVE AN ELIGIBILITY STATEMENT
46 ISSUED BY THE COMMISSIONER OF HOUSING AND COMMUNITY RENEWAL PURSUANT TO
47 ARTICLE TWO-A OF THE PUBLIC HOUSING LAW, AND (B) ARE AVAILABLE PURSUANT
48 TO LAW ENACTED AFTER JANUARY FIRST, TWO THOUSAND FOURTEEN. PROVIDED,
49 HOWEVER, THAT NOTWITHSTANDING THE PROVISIONS OF SUBSECTION (C) OF
50 SECTION ONE THOUSAND EIGHTY-EIGHT OF THIS CHAPTER, NO INTEREST SHALL BE
51 PAID THEREON.

52 S 5. This act shall take effect immediately and shall apply to tax
53 years commencing on or after January 1, 2014.

1

PART JJJ

2 Section 1. Short title. This act shall be known and may be cited as
3 the "education investment incentives act".

4 S 2. The tax law is amended by adding a new section 41 to read as
5 follows:

6 S 41. EDUCATION INVESTMENT TAX CREDIT. (A) DEFINITIONS. FOR THE
7 PURPOSES OF THIS SECTION, THE FOLLOWING TERMS SHALL HAVE THE FOLLOWING
8 MEANINGS:

9 1. "AUTHORIZED CONTRIBUTION" MEANS THE CONTRIBUTION AMOUNT THAT IS
10 LISTED ON THE CONTRIBUTION AUTHORIZATION CERTIFICATE ISSUED TO THE
11 TAXPAYER.

12 2. "CONTRIBUTION" MEANS A DONATION PAID BY CASH, CHECK, ELECTRONIC
13 FUNDS TRANSFER, DEBIT CARD OR CREDIT CARD THAT IS MADE BY THE TAXPAYER
14 DURING THE TAXABLE YEAR.

15 3. "EDUCATIONAL PROGRAM" MEANS AN ACADEMIC OR SIMILAR PROGRAM OF A
16 PUBLIC SCHOOL THAT ENHANCES THE CURRICULUM OR ACADEMIC PROGRAM OF THE
17 PUBLIC SCHOOL, OR PROVIDES A PRE-KINDERGARTEN PROGRAM TO THE PUBLIC
18 SCHOOL. FOR PURPOSES OF THIS DEFINITION, THE INSTRUCTION, MATERIALS,
19 PROGRAMS AND OTHER ACTIVITIES OFFERED BY OR THROUGH AN EDUCATIONAL
20 PROGRAM MAY INCLUDE, BUT ARE NOT LIMITED TO, THE FOLLOWING FEATURES: (I)
21 INSTRUCTION OR MATERIALS PROMOTING HEALTH, PHYSICAL EDUCATION, AND FAMI-
22 LY AND CONSUMER SCIENCES; LITERARY, PERFORMING AND VISUAL ARTS; MATH-
23 EMATICS, SOCIAL STUDIES, TECHNOLOGY AND SCIENTIFIC ACHIEVEMENT; (II)
24 INSTRUCTION OR PROGRAMMING TO MEET THE EDUCATION NEEDS OF AT-RISK
25 STUDENTS OR STUDENTS WITH DISABILITIES, INCLUDING TUTORING OR COUN-
26 SELING; OR (III) THE USE OF SPECIALIZED INSTRUCTIONAL MATERIALS,
27 INSTRUCTORS OR INSTRUCTION NOT PROVIDED BY A PUBLIC SCHOOL.

28 4. "EDUCATIONAL SCHOLARSHIP ORGANIZATION" MEANS AN ENTITY THAT (I) IS
29 EXEMPT FROM TAXATION UNDER PARAGRAPH THREE OF SUBSECTION (C) OF SECTION
30 FIVE HUNDRED ONE OF THE INTERNAL REVENUE CODE, (II) USES AT LEAST NINETY
31 PERCENT OF THE QUALIFIED CONTRIBUTIONS RECEIVED DURING THE CALENDAR YEAR
32 AND ANY INCOME DERIVED FROM SUCH QUALIFIED CONTRIBUTIONS FOR SCHOLAR-
33 SHIPS, (III) PROVIDES SCHOLARSHIPS TO ELIGIBLE PUPILS FOR USE AT NOT
34 FEWER THAN THREE QUALIFIED SCHOOLS, (IV) DEPOSITS AND HOLDS QUALIFIED
35 CONTRIBUTIONS AND ANY INCOME DERIVED FROM QUALIFIED CONTRIBUTIONS IN AN
36 ACCOUNT THAT IS SEPARATE FROM THE ORGANIZATION'S OPERATING OR OTHER
37 FUNDS UNTIL SUCH QUALIFIED CONTRIBUTIONS OR INCOME ARE WITHDRAWN FOR
38 USE, AND (V) IS APPROVED TO ISSUE CERTIFICATES OF RECEIPT PURSUANT TO
39 ARTICLE TWENTY-FIVE OF THE EDUCATION LAW.

40 5. "ELIGIBLE PUPIL" MEANS A CHILD WHO (I) IS A RESIDENT, (II) IS OF
41 SCHOOL AGE IN ACCORDANCE WITH SUBDIVISION ONE OF SECTION THIRTY-TWO
42 HUNDRED TWO OF THE EDUCATION LAW OR WHO IS FOUR YEARS OF AGE ON OR
43 BEFORE DECEMBER FIRST OF THE YEAR IN WHICH SUCH CHILD IS ENROLLED IN A
44 PRE-KINDERGARTEN PROGRAM, (III) ATTENDS OR IS ABOUT TO ATTEND A QUALI-
45 FIED SCHOOL, AND (IV) RESIDES IN A HOUSEHOLD THAT HAS A FEDERAL ADJUSTED
46 GROSS INCOME OF FIVE HUNDRED THOUSAND DOLLARS OR LESS, PROVIDED HOWEVER,
47 FOR HOUSEHOLDS WITH THREE OR MORE DEPENDENT CHILDREN, SUCH INCOME LEVEL
48 SHALL BE INCREASED BY TEN THOUSAND DOLLARS PER DEPENDENT CHILD, NOT TO
49 EXCEED FIVE HUNDRED FIFTY THOUSAND DOLLARS.

50 6. "LOCAL EDUCATION FUND" MEANS A NOT-FOR-PROFIT ENTITY WHICH (I) IS
51 EXEMPT FROM TAXATION UNDER PARAGRAPH THREE OF SUBSECTION (C) OF SECTION
52 FIVE HUNDRED ONE OF THE INTERNAL REVENUE CODE, (II) IS ESTABLISHED FOR
53 THE PURPOSE OF SUPPORTING AT LEAST ONE PUBLIC SCHOOL OR PUBLIC SCHOOL
54 DISTRICT, (III) USES AT LEAST NINETY PERCENT OF THE QUALIFIED CONTRIB-
55 UTIONS RECEIVED DURING THE CALENDAR YEAR AND ANY INCOME DERIVED FROM

1 SUCH QUALIFIED CONTRIBUTIONS TO SUPPORT THE PUBLIC SCHOOL OR SCHOOLS OR
2 PUBLIC SCHOOL DISTRICT OR DISTRICTS THAT SUCH FUND HAS BEEN ESTABLISHED
3 TO SUPPORT, (IV) DEPOSITS AND HOLDS QUALIFIED CONTRIBUTIONS AND ANY
4 INCOME DERIVED FROM QUALIFIED CONTRIBUTIONS IN AN ACCOUNT THAT IS SEPA-
5 RATE FROM THE FUND'S OPERATING OR OTHER FUNDS UNTIL SUCH QUALIFIED
6 CONTRIBUTIONS OR INCOME ARE WITHDRAWN FOR USE, AND (V) IS APPROVED TO
7 ISSUE CERTIFICATES OF RECEIPT PURSUANT TO ARTICLE TWENTY-FIVE OF THE
8 EDUCATION LAW.

9 7. "NON-PUBLIC SCHOOL" MEANS ANY NOT-FOR-PROFIT PRE-KINDERGARTEN
10 PROGRAM OR ELEMENTARY OR SECONDARY SECTARIAN OR NONSECTARIAN SCHOOL
11 LOCATED IN THIS STATE, OTHER THAN A PUBLIC SCHOOL, THAT PROVIDES
12 INSTRUCTION AT ONE OR MORE LOCATIONS TO STUDENTS IN ACCORDANCE WITH
13 SUBDIVISION TWO OF SECTION THIRTY-TWO HUNDRED FOUR OF THE EDUCATION LAW.

14 8. "PUBLIC EDUCATION ENTITY" MEANS A PUBLIC SCHOOL OR A PUBLIC SCHOOL
15 DISTRICT, PROVIDED THAT SUCH PUBLIC SCHOOL OR PUBLIC SCHOOL DISTRICT (I)
16 DEPOSITS AND HOLDS QUALIFIED CONTRIBUTIONS AND ANY INCOME DERIVED FROM
17 SUCH QUALIFIED CONTRIBUTIONS IN AN ACCOUNT THAT IS SEPARATE FROM THE
18 PUBLIC SCHOOL OR PUBLIC SCHOOL DISTRICT'S OPERATING OR OTHER FUNDS UNTIL
19 SUCH QUALIFIED CONTRIBUTIONS OR INCOME ARE WITHDRAWN FOR USE, AND (II)
20 IS APPROVED TO ISSUE CERTIFICATES OF RECEIPT PURSUANT TO ARTICLE TWEN-
21 TY-FIVE OF THE EDUCATION LAW.

22 9. "PUBLIC SCHOOL" MEANS ANY FREE ELEMENTARY OR SECONDARY SCHOOL IN
23 THIS STATE GUARANTEED BY ARTICLE ELEVEN OF THE CONSTITUTION, AND A CHAR-
24 TER SCHOOL AUTHORIZED BY ARTICLE FIFTY-SIX OF THE EDUCATION LAW.

25 10. "QUALIFIED CONTRIBUTION" MEANS THE AUTHORIZED CONTRIBUTION MADE BY
26 A TAXPAYER TO A PUBLIC EDUCATION ENTITY, SCHOOL IMPROVEMENT ORGANIZA-
27 TION, LOCAL EDUCATION FUND, OR EDUCATIONAL SCHOLARSHIP ORGANIZATION FOR
28 WHICH A CONTRIBUTION AUTHORIZATION CERTIFICATE HAS BEEN ISSUED TO THE
29 TAXPAYER AND FOR WHICH THE TAXPAYER HAS RECEIVED A CERTIFICATE OF
30 RECEIPT FROM SUCH ENTITY, FUND OR ORGANIZATION.

31 11. "QUALIFIED EDUCATOR" MEANS AN INDIVIDUAL WHO IS A TEACHER OR
32 INSTRUCTOR IN A QUALIFIED SCHOOL FOR AT LEAST NINE HUNDRED HOURS DURING
33 A SCHOOL YEAR.

34 12. "QUALIFIED SCHOOL" MEANS A PUBLIC SCHOOL OR NON-PUBLIC SCHOOL
35 LOCATED IN THIS STATE.

36 13. "SCHOLARSHIP" MEANS AN EDUCATIONAL SCHOLARSHIP OR TUITION GRANT
37 AWARDED TO AN ELIGIBLE PUPIL TO ATTEND A QUALIFIED SCHOOL IN AN AMOUNT
38 NOT TO EXCEED THE TUITION CHARGED TO ATTEND SUCH SCHOOL LESS ANY OTHER
39 EDUCATIONAL SCHOLARSHIP OR TUITION GRANT RECEIVED BY SUCH ELIGIBLE PUPIL
40 OR HIS OR HER PARENT, PARENTS OR LEGAL GUARDIAN FOR SUCH ELIGIBLE
41 PUPIL'S TUITION; PROVIDED, HOWEVER, IN THE CASE OF AN ELIGIBLE PUPIL
42 ATTENDING A PUBLIC SCHOOL IN A PUBLIC SCHOOL DISTRICT OF WHICH SUCH
43 PUPIL IS NOT A RESIDENT, THE AMOUNT OF THE EDUCATIONAL SCHOLARSHIP OR
44 TUITION GRANT AWARDED MAY NOT EXCEED THE TUITION CHARGED BY THE PUBLIC
45 SCHOOL PURSUANT TO PARAGRAPH D OF SUBDIVISION FOUR OF SECTION THIRTY-TWO
46 HUNDRED TWO OF THE EDUCATION LAW LESS ANY OTHER EDUCATIONAL SCHOLARSHIP
47 OR TUITION GRANT RECEIVED BY SUCH ELIGIBLE PUPIL OR HIS OR HER PARENT,
48 PARENTS OR GUARDIAN FOR SUCH ELIGIBLE PUPIL'S TUITION, BUT ONLY IF THE
49 PUBLIC SCHOOL DISTRICT OF WHICH SUCH PUPIL IS A RESIDENT IS NOT REQUIRED
50 TO PAY FOR SUCH TUITION.

51 14. "SCHOOL IMPROVEMENT ORGANIZATION" MEANS A NOT-FOR-PROFIT ENTITY
52 WHICH (I) IS EXEMPT FROM TAXATION UNDER PARAGRAPH THREE OF SUBSECTION
53 (C) OF SECTION FIVE HUNDRED ONE OF THE INTERNAL REVENUE CODE, (II) USES
54 AT LEAST NINETY PERCENT OF THE QUALIFIED CONTRIBUTIONS RECEIVED DURING
55 THE CALENDAR YEAR AND ANY INCOME DERIVED FROM SUCH QUALIFIED CONTRIB-
56 UTIONS DURING SUCH MONTHS TO ASSIST PUBLIC SCHOOLS OR PUBLIC SCHOOL

1 DISTRICTS LOCATED IN THIS STATE IN THEIR PROVISION OF EDUCATIONAL
2 PROGRAMS, EITHER BY MAKING CONTRIBUTIONS TO ONE OR MORE PUBLIC SCHOOLS
3 OR PUBLIC SCHOOL DISTRICTS LOCATED IN THIS STATE OR PROVIDING EDUCA-
4 TIONAL PROGRAMS TO, OR IN CONJUNCTION WITH, ONE OR MORE PUBLIC SCHOOLS
5 OR PUBLIC SCHOOL DISTRICTS LOCATED IN THIS STATE, (III) DEPOSITS AND
6 HOLDS QUALIFIED CONTRIBUTIONS AND ANY INCOME DERIVED FROM SUCH QUALIFIED
7 CONTRIBUTIONS IN AN ACCOUNT THAT IS SEPARATE FROM THE ORGANIZATION'S
8 OPERATING OR OTHER FUNDS UNTIL SUCH QUALIFIED CONTRIBUTIONS OR INCOME
9 ARE WITHDRAWN FOR USE, AND (IV) IS APPROVED TO ISSUE CERTIFICATES OF
10 RECEIPT PURSUANT TO ARTICLE TWENTY-FIVE OF THE EDUCATION LAW. SUCH TERM
11 INCLUDES A PRE-KINDERGARTEN PROGRAM OR NOT-FOR-PROFIT ENTITY THAT ALLOWS
12 THE TAXPAYER TO CHOOSE TO DONATE TO A PROGRAM, PROJECT OR INITIATIVE
13 IDENTIFIED BY A QUALIFIED EDUCATOR FOR USE IN A PUBLIC SCHOOL.

14 (B) ALLOWANCE OF CREDIT. A TAXPAYER SUBJECT TO TAX UNDER ARTICLE
15 NINE-A OR TWENTY-TWO OF THIS CHAPTER SHALL BE ALLOWED CREDIT AGAINST
16 SUCH TAX, PURSUANT TO THE PROVISIONS REFERENCED IN SUBDIVISION (L) OF
17 THIS SECTION, WITH RESPECT TO QUALIFIED CONTRIBUTIONS MADE DURING THE
18 TAXABLE YEAR.

19 (C) AMOUNT OF CREDIT. THE AMOUNT OF THE CREDIT SHALL BE NINETY PERCENT
20 OF THE TAXPAYER'S TOTAL QUALIFIED CONTRIBUTIONS, CAPPED AT ONE MILLION
21 DOLLARS. A TAXPAYER THAT IS A PARTNER IN A PARTNERSHIP, MEMBER OF A
22 LIMITED LIABILITY COMPANY OR SHAREHOLDER IN AN S CORPORATION SHALL BE
23 ALLOWED TO CLAIM ITS PRO RATA SHARE OF THE CREDIT EARNED BY THE PARTNER-
24 SHIP, LIMITED LIABILITY COMPANY OR S CORPORATION, PROVIDED THAT SUCH A
25 TAXPAYER SHALL NOT CLAIM CREDIT IN EXCESS OF THE LIMIT IMPOSED BY THE
26 PRECEDING SENTENCE.

27 (D) INFORMATION TO BE POSTED ON THE DEPARTMENT'S WEBSITE. BEGINNING ON
28 THE SIXTEENTH DAY OF JANUARY OF EACH YEAR, THE COMMISSIONER SHALL MAIN-
29 TAIN ON THE DEPARTMENT'S WEBSITE A RUNNING TOTAL OF THE AMOUNT OF AVAIL-
30 ABLE CREDIT FOR WHICH TAXPAYERS MAY APPLY PURSUANT TO THIS SECTION.
31 SUCH RUNNING TOTAL SHALL BE UPDATED ON A DAILY BASIS. ADDITIONALLY, THE
32 COMMISSIONER SHALL MAINTAIN ON THE DEPARTMENT'S WEBSITE A LIST OF THE
33 SCHOOL IMPROVEMENT ORGANIZATIONS, LOCAL EDUCATION FUNDS AND EDUCATIONAL
34 SCHOLARSHIP ORGANIZATIONS APPROVED TO ISSUE CERTIFICATES OF RECEIPT
35 PURSUANT TO ARTICLE TWENTY-FIVE OF THE EDUCATION LAW. THE COMMISSIONER
36 SHALL ALSO MAINTAIN ON THE DEPARTMENT'S WEBSITE A LIST OF PUBLIC EDUCA-
37 TION ENTITIES, SCHOOL IMPROVEMENT ORGANIZATIONS, LOCAL EDUCATION FUNDS
38 AND EDUCATIONAL SCHOLARSHIP ORGANIZATIONS WHOSE APPROVAL TO ISSUE
39 CERTIFICATES OF RECEIPT HAS BEEN REVOKED ALONG WITH THE DATE OF SUCH
40 REVOCATION.

41 (E) APPLICATIONS FOR CONTRIBUTION AUTHORIZATION CERTIFICATES. PRIOR TO
42 MAKING A CONTRIBUTION TO A PUBLIC EDUCATION ENTITY, SCHOOL IMPROVEMENT
43 ORGANIZATION, LOCAL EDUCATION FUND, OR EDUCATIONAL SCHOLARSHIP ORGANIZA-
44 TION, THE TAXPAYER SHALL APPLY TO THE DEPARTMENT FOR A CONTRIBUTION
45 AUTHORIZATION CERTIFICATE FOR SUCH CONTRIBUTION. SUCH APPLICATION SHALL
46 BE IN THE FORM AND MANNER PRESCRIBED BY THE DEPARTMENT. THE DEPARTMENT
47 MAY ALLOW TAXPAYERS TO MAKE MULTIPLE APPLICATIONS ON THE SAME FORM,
48 PROVIDED THAT EACH CONTRIBUTION LISTED ON SUCH APPLICATION SHALL BE
49 TREATED AS A SEPARATE APPLICATION AND THAT THE DEPARTMENT SHALL ISSUE
50 SEPARATE CONTRIBUTION AUTHORIZATION CERTIFICATES FOR EACH SUCH APPLICA-
51 TION.

52 (F) CONTRIBUTION AUTHORIZATION CERTIFICATES. 1. ISSUANCE OF CERTIF-
53 ICATES. THE COMMISSIONER SHALL ISSUE CONTRIBUTION AUTHORIZATION CERTIF-
54 ICATES IN TWO PHASES. IN PHASE ONE, WHICH BEGINS ON THE FIRST DAY OF
55 JANUARY AND ENDS ON THE FIFTEENTH DAY OF JANUARY, THE COMMISSIONER SHALL
56 ACCEPT APPLICATIONS FOR CONTRIBUTION AUTHORIZATION CERTIFICATES BUT

1 SHALL NOT ISSUE ANY SUCH CERTIFICATES. COMMENCING AFTER THE SIXTEENTH
2 DAY OF JANUARY, THE COMMISSIONER SHALL ISSUE CONTRIBUTION AUTHORIZATION
3 CERTIFICATES FOR APPLICATIONS RECEIVED DURING PHASE ONE, PROVIDED THAT
4 IF THE AGGREGATE TOTAL OF THE CONTRIBUTIONS FOR WHICH APPLICATIONS HAVE
5 BEEN RECEIVED DURING PHASE ONE EXCEEDS THE AMOUNT OF THE CREDIT CAP IN
6 SUBDIVISION (H) OF THIS SECTION, THE AUTHORIZED CONTRIBUTION AMOUNT
7 LISTED ON EACH CONTRIBUTION AUTHORIZATION CERTIFICATE SHALL EQUAL THE
8 PRO-RATA SHARE OF THE CREDIT CAP. IF THE CREDIT CAP IS NOT EXCEEDED,
9 PHASE TWO COMMENCES ON FEBRUARY FIRST AND ENDS ON THE DECEMBER
10 THIRTY-FIRST. THE COMMISSIONER SHALL ISSUE CONTRIBUTION AUTHORIZATION
11 CERTIFICATES ON A FIRST-COME FIRST SERVE BASIS BASED UPON THE DATE THE
12 DEPARTMENT RECEIVED THE TAXPAYER'S APPLICATION FOR SUCH CERTIFICATE;
13 PROVIDED, HOWEVER, THAT IF ON ANY DAY THE DEPARTMENT RECEIVES APPLICA-
14 TIONS REQUESTING CONTRIBUTION AUTHORIZATION CERTIFICATES FOR CONTRIB-
15 UTIONS THAT IN THE AGGREGATE EXCEED THE AMOUNT OF THE CREDIT CAP ON SUCH
16 DAY, THE AUTHORIZED CONTRIBUTION AMOUNT LISTED IN EACH CONTRIBUTION
17 AUTHORIZATION CERTIFICATE SHALL BE THE TAXPAYER'S PRO-RATA SHARE OF THE
18 CREDIT CAP. FOR PURPOSES OF DETERMINING A TAXPAYER'S PRO-RATA SHARE OF
19 CREDIT CAP, THE COMMISSIONER SHALL MULTIPLY THE AMOUNT OF CREDIT CAP BY
20 A FRACTION, THE NUMERATOR OF WHICH EQUALS THE TOTAL CONTRIBUTION AMOUNT
21 LISTED ON THE TAXPAYER'S APPLICATION AND THE DENOMINATOR OF WHICH EQUALS
22 THE AGGREGATE AMOUNT OF CONTRIBUTIONS LISTED ON THE APPLICATIONS FOR
23 CONTRIBUTION AUTHORIZATION CERTIFICATES WERE RECEIVED ON SUCH DAY.
24 CONTRIBUTION AUTHORIZATION CERTIFICATES FOR APPLICATIONS RECEIVED DURING
25 PHASE ONE SHALL BE MAILED NO LATER THAN THE TWENTIETH DAY OF JANUARY.
26 CONTRIBUTION AUTHORIZATION CERTIFICATES FOR APPLICATIONS RECEIVED DURING
27 PHASE TWO SHALL BE MAILED WITHIN FIVE DAYS OF RECEIPT OF SUCH APPLICA-
28 TIONS. PROVIDED, HOWEVER, THAT NO CONTRIBUTION AUTHORIZATION CERTIF-
29 ICATES FOR APPLICATIONS RECEIVED DURING PHASE TWO SHALL BE ISSUED UNTIL
30 ALL OF THE CONTRIBUTION AUTHORIZATION CERTIFICATES FOR APPLICATIONS
31 RECEIVED DURING PHASE ONE HAVE BEEN ISSUED.

32 2. CONTRIBUTION AUTHORIZATION CERTIFICATE CONTENTS. EACH CONTRIBUTION
33 AUTHORIZATION CERTIFICATE SHALL STATE (I) THE DATE SUCH CERTIFICATE WAS
34 ISSUED, (II) THE DATE BY WHICH THE AUTHORIZED CONTRIBUTION LISTED ON THE
35 CERTIFICATE MUST BE MADE, WHICH SHALL BE NO LATER THAN NOVEMBER THIRTI-
36 ETH OF THE YEAR FOR WHICH THE CONTRIBUTION AUTHORIZATION CERTIFICATE WAS
37 ISSUED, (III) THE AMOUNT OF AUTHORIZED CONTRIBUTION, (IV) THE CERTIF-
38 ICATE NUMBER, (V) THE TAXPAYER'S NAME AND ADDRESS, (VI) THE NAME AND
39 ADDRESS OF THE PUBLIC EDUCATION ENTITY, SCHOOL IMPROVEMENT ORGANIZATION,
40 LOCAL EDUCATION FUND OR EDUCATIONAL SCHOLARSHIP ORGANIZATION TO WHICH
41 THE TAXPAYER MAY MAKE THE AUTHORIZED CONTRIBUTION, AND (VII) ANY OTHER
42 INFORMATION THAT THE COMMISSIONER DEEMS NECESSARY.

43 3. NOTIFICATION OF THE ISSUANCE OF A CONTRIBUTION AUTHORIZATION
44 CERTIFICATE. UPON THE ISSUANCE OF A CONTRIBUTION AUTHORIZATION CERTIF-
45 ICATE TO A TAXPAYER, THE COMMISSIONER SHALL NOTIFY THE PUBLIC EDUCATION
46 ENTITY, SCHOOL IMPROVEMENT ORGANIZATION, LOCAL EDUCATION FUND OR EDUCA-
47 TIONAL SCHOLARSHIP ORGANIZATION OF THE ISSUANCE OF SUCH CONTRIBUTION
48 AUTHORIZATION CERTIFICATE. SUCH NOTIFICATION SHALL INCLUDE (I) THE
49 TAXPAYER'S NAME AND ADDRESS, (II) THE DATE SUCH CERTIFICATE WAS ISSUED,
50 (III) THE DATE BY WHICH THE AUTHORIZED CONTRIBUTION LISTED IN THE
51 NOTIFICATION MUST BE MADE BY THE TAXPAYER, (IV) THE AMOUNT OF THE
52 AUTHORIZED CONTRIBUTION, (V) THE CONTRIBUTION AUTHORIZATION CERTIF-
53 ICATE'S CERTIFICATE NUMBER, AND (VI) ANY OTHER INFORMATION THAT THE
54 COMMISSIONER DEEMS NECESSARY.

55 (G) CERTIFICATE OF RECEIPT. 1. IN GENERAL. NO PUBLIC EDUCATION ENTITY,
56 SCHOOL IMPROVEMENT ORGANIZATION, LOCAL EDUCATION FUND, OR EDUCATIONAL

1 SCHOLARSHIP ORGANIZATION SHALL ISSUE A CERTIFICATE OF RECEIPT FOR ANY
2 CONTRIBUTION MADE BY A TAXPAYER UNLESS SUCH PUBLIC EDUCATION ENTITY,
3 SCHOOL IMPROVEMENT ORGANIZATION, LOCAL EDUCATION FUND, OR EDUCATIONAL
4 SCHOLARSHIP ORGANIZATION HAS BEEN APPROVED TO ISSUE CERTIFICATES OF
5 RECEIPT PURSUANT TO ARTICLE TWENTY-FIVE OF THE EDUCATION LAW. NO PUBLIC
6 EDUCATION ENTITY, SCHOOL IMPROVEMENT ORGANIZATION, LOCAL EDUCATION FUND,
7 OR EDUCATIONAL SCHOLARSHIP ORGANIZATION SHALL ISSUE A CERTIFICATE OF
8 RECEIPT FOR A CONTRIBUTION MADE BY A TAXPAYER UNLESS SUCH PUBLIC EDUCA-
9 TION ENTITY, SCHOOL IMPROVEMENT ORGANIZATION, LOCAL EDUCATION FUND, OR
10 EDUCATIONAL SCHOLARSHIP ORGANIZATION HAS RECEIVED NOTICE FROM THE
11 DEPARTMENT THAT THE DEPARTMENT ISSUED A CREDIT AUTHORIZATION CERTIFICATE
12 TO THE TAXPAYER FOR SUCH CONTRIBUTION.

13 2. TIMELY CONTRIBUTION. IF A TAXPAYER MAKES AN AUTHORIZED CONTRIBUTION
14 TO THE PUBLIC EDUCATION ENTITY, SCHOOL IMPROVEMENT ORGANIZATION, LOCAL
15 EDUCATION FUND, OR EDUCATIONAL SCHOLARSHIP ORGANIZATION SET FORTH ON THE
16 CONTRIBUTION AUTHORIZATION CERTIFICATE ISSUED TO THE TAXPAYER NO LATER
17 THAN THE DATE BY WHICH SUCH AUTHORIZED CONTRIBUTION IS REQUIRED TO BE
18 MADE, SUCH PUBLIC EDUCATION ENTITY, SCHOOL IMPROVEMENT ORGANIZATION,
19 LOCAL EDUCATION FUND, OR EDUCATIONAL SCHOLARSHIP ORGANIZATION SHALL,
20 WITHIN THIRTY DAYS OF RECEIPT OF THE AUTHORIZED CONTRIBUTION, ISSUE TO
21 THE TAXPAYER A CERTIFICATE OF RECEIPT; PROVIDED, HOWEVER, THAT IF THE
22 TAXPAYER CONTRIBUTES AN AMOUNT THAT IS LESS THAN THE AMOUNT LISTED ON
23 THE TAXPAYER'S CONTRIBUTION AUTHORIZATION CERTIFICATE, THE TAXPAYER
24 SHALL NOT BE ISSUED A CERTIFICATE OF RECEIPT FOR SUCH CONTRIBUTION.

25 3. CERTIFICATE OF RECEIPT CONTENTS. EACH CERTIFICATE OF RECEIPT SHALL
26 STATE (I) THE NAME AND ADDRESS OF THE ISSUING PUBLIC EDUCATION ENTITY,
27 SCHOOL IMPROVEMENT ORGANIZATION, LOCAL EDUCATION FUND, OR EDUCATIONAL
28 SCHOLARSHIP ORGANIZATION, (II) THE TAXPAYER'S NAME AND ADDRESS, (III)
29 THE DATE FOR EACH CONTRIBUTION, (IV) THE AMOUNT OF EACH CONTRIBUTION AND
30 THE CORRESPONDING CONTRIBUTION AUTHORIZATION CERTIFICATE NUMBER, (V) THE
31 TOTAL AMOUNT OF CONTRIBUTIONS, (VI) CERTIFICATE OF RECEIPT NUMBER AND
32 (VII) ANY OTHER INFORMATION THAT THE COMMISSIONER MAY DEEM NECESSARY.

33 4. NOTIFICATION TO THE DEPARTMENT FOR THE ISSUANCE OF A CERTIFICATE OF
34 RECEIPT. UPON THE ISSUANCE OF A CERTIFICATE OF RECEIPT, THE ISSUING
35 PUBLIC EDUCATION ENTITY, SCHOOL IMPROVEMENT ORGANIZATION, LOCAL EDUCA-
36 TION FUND, OR EDUCATIONAL SCHOLARSHIP ORGANIZATION SHALL, WITHIN THIRTY
37 DAYS OF ISSUING THE CERTIFICATE OF RECEIPT, PROVIDE THE DEPARTMENT WITH
38 NOTIFICATION OF THE ISSUANCE OF SUCH CERTIFICATE IN THE FORM AND MANNER
39 PRESCRIBED BY THE DEPARTMENT.

40 5. NOTIFICATION TO THE DEPARTMENT OF THE NON-ISSUANCE OF A CERTIFICATE
41 OF RECEIPT. EACH PUBLIC EDUCATION ENTITY, SCHOOL IMPROVEMENT ORGANIZA-
42 TION, LOCAL EDUCATION FUND, OR EDUCATIONAL SCHOLARSHIP ORGANIZATION THAT
43 RECEIVED NOTIFICATION FROM THE DEPARTMENT PURSUANT TO SUBDIVISION (F) OF
44 THIS SECTION REGARDING THE ISSUANCE OF A CONTRIBUTION AUTHORIZATION
45 CERTIFICATE TO A TAXPAYER SHALL, WITHIN THIRTY DAYS OF THE EXPIRATION
46 DATE FOR SUCH AUTHORIZED CONTRIBUTION, PROVIDE NOTIFICATION TO THE
47 DEPARTMENT FOR EACH TAXPAYER THAT FAILED TO MAKE THE AUTHORIZED CONTRIB-
48 UTION TO SUCH PUBLIC EDUCATION ENTITY, SCHOOL IMPROVEMENT ORGANIZATION,
49 LOCAL EDUCATION FUND, OR EDUCATIONAL SCHOLARSHIP ORGANIZATION IN THE
50 FORM AND MANNER PRESCRIBED BY THE DEPARTMENT.

51 6. FAILURE TO NOTIFY THE DEPARTMENT. WITHIN THIRTY DAYS OF THE DISCOV-
52 ERY OF THE FAILURE OF ANY PUBLIC EDUCATION ENTITY, SCHOOL IMPROVEMENT
53 PROGRAM, LOCAL EDUCATION FUND, OR EDUCATIONAL SCHOLARSHIP ORGANIZATION
54 TO COMPLY WITH THE NOTIFICATION REQUIREMENTS PRESCRIBED BY PARAGRAPHS
55 FOUR AND FIVE OF THIS SUBDIVISION, THE COMMISSIONER SHALL ISSUE A NOTICE
56 OF COMPLIANCE FAILURE TO SUCH ENTITY, PROGRAM, FUND, OR ORGANIZATION.

1 SUCH ENTITY, PROGRAM, FUND, OR ORGANIZATION SHALL HAVE THIRTY DAYS FROM
2 THE DATE OF SUCH NOTICE TO MAKE THE NOTIFICATIONS PRESCRIBED BY PARA-
3 GRAPHS FOUR AND FIVE OF THIS SUBDIVISION. SUCH PERIOD MAY BE EXTENDED
4 FOR AN ADDITIONAL THIRTY DAYS UPON THE REQUEST OF THE ENTITY, PROGRAM,
5 FUND, OR ORGANIZATION. UPON THE EXPIRATION OF PERIOD FOR COMPLIANCE SET
6 FORTH IN THE NOTICE PRESCRIBED BY THIS PARAGRAPH, THE COMMISSIONER SHALL
7 NOTIFY THE BOARD OF REGENTS AND THE COMMISSIONER OF EDUCATION THAT SUCH
8 ENTITY, PROGRAM, FUND, OR ORGANIZATION FAILED TO MAKE THE NOTIFICATIONS
9 PRESCRIBED BY PARAGRAPHS FOUR AND FIVE OF THIS SUBDIVISION.

10 (H) CREDIT CAP. THE MAXIMUM PERMITTED CREDITS UNDER THIS SECTION
11 AVAILABLE TO ALL TAXPAYERS FOR QUALIFIED CONTRIBUTIONS FOR CALENDAR YEAR
12 TWO THOUSAND FIFTEEN SHALL BE ONE HUNDRED FIFTY MILLION DOLLARS. IN
13 CALENDAR YEAR TWO THOUSAND SIXTEEN, THE MAXIMUM PERMITTED CREDITS UNDER
14 THIS SECTION AVAILABLE TO ALL TAXPAYERS SHALL BE TWO HUNDRED TWENTY-FIVE
15 MILLION DOLLARS PLUS ANY AMOUNTS THAT ARE REQUIRED TO BE ADDED TO THE
16 CAP PURSUANT TO SUBDIVISION (I) OF THIS SECTION. FOR CALENDAR YEAR TWO
17 THOUSAND SEVENTEEN AND EACH CALENDAR YEAR THEREAFTER, THE MAXIMUM
18 PERMITTED CREDITS AVAILABLE TO ALL TAXPAYERS SHALL BE THREE HUNDRED
19 MILLION DOLLARS. THE MAXIMUM PERMITTED CREDITS UNDER THIS SECTION FOR
20 QUALIFIED CONTRIBUTIONS SHALL BE ALLOCATED FIFTY PERCENT TO PUBLIC
21 EDUCATION ENTITIES, SCHOOL IMPROVEMENT ORGANIZATIONS, AND LOCAL EDUCA-
22 TION FUNDS AND FIFTY PERCENT TO EDUCATIONAL SCHOLARSHIP ORGANIZATIONS.

23 (I) ADDITIONS TO CREDIT CAP. UNISSUED CERTIFICATES OF RECEIPT. ANY
24 AMOUNTS FOR WHICH THE DEPARTMENT RECEIVES NOTIFICATION OF NON-ISSUANCE
25 OF A CERTIFICATE OF RECEIPT SHALL BE ADDED TO THE CAP PRESCRIBED IN
26 SUBDIVISION (H) OF THIS SECTION FOR THE IMMEDIATELY FOLLOWING YEAR.

27 (J) OTHER REQUIREMENTS; MISCELLANEOUS. 1. RECORD KEEPING. EACH TAXPAY-
28 ER SHALL, FOR EACH TAXABLE YEAR FOR WHICH THE EDUCATION INVESTMENT TAX
29 CREDIT PROVIDED FOR UNDER THIS SECTION IS CLAIMED, MAINTAIN RECORDS OF
30 THE FOLLOWING INFORMATION: (I) CONTRIBUTION AUTHORIZATION CERTIFICATES
31 OBTAINED PURSUANT TO SUBDIVISION (F) OF THIS SECTION, AND (II) CERTIF-
32 ICATES OF RECEIPT OBTAINED PURSUANT TO SUBDIVISION (G) OF THIS SECTION.

33 2. REGULATIONS. THE COMMISSIONER IS HEREBY AUTHORIZED TO PROMULGATE
34 AND ADOPT ON AN EMERGENCY BASIS REGULATIONS NECESSARY FOR THE IMPLEMEN-
35 TATION OF THIS SECTION.

36 (K) REPORTS. 1. REPORTS TO THE COMMISSIONER. ON OR BEFORE THE LAST DAY
37 OF JANUARY FOR EACH CALENDAR YEAR, EACH PUBLIC EDUCATION ENTITY, SCHOOL
38 IMPROVEMENT ORGANIZATION, LOCAL EDUCATION FUND, AND EDUCATIONAL SCHOLAR-
39 SHIP ORGANIZATION THAT ISSUED ONE OR MORE CERTIFICATES OF RECEIPT SHALL
40 REPORT TO THE COMMISSIONER THE NUMBER OF SUCH CERTIFICATES ISSUED AND
41 THE AGGREGATE AMOUNT OF QUALIFIED CONTRIBUTIONS MADE TO SUCH ENTITY,
42 FUND, OR ORGANIZATION DURING THE IMMEDIATELY PRECEDING CALENDAR YEAR.

43 2. JOINT ANNUAL REPORT. ON OR BEFORE THE LAST DAY OF MAY FOR EACH
44 CALENDAR YEAR, FOR THE IMMEDIATELY PRECEDING YEAR, THE COMMISSIONER AND
45 THE COMMISSIONER OF EDUCATION SHALL JOINTLY SUBMIT A WRITTEN REPORT TO
46 THE GOVERNOR, THE TEMPORARY PRESIDENT OF THE SENATE, THE SPEAKER OF THE
47 ASSEMBLY, THE CHAIRMAN OF THE SENATE FINANCE COMMITTEE AND THE CHAIRMAN
48 OF THE ASSEMBLY WAYS AND MEANS COMMITTEE REGARDING THE CREDIT. SUCH
49 REPORT SHALL CONTAIN INFORMATION FOR ARTICLES NINE-A AND TWENTY-TWO,
50 RESPECTIVELY, REGARDING: (I) THE NUMBER OF APPLICATIONS RECEIVED; (II)
51 THE NUMBER OF AND AGGREGATE VALUE OF THE CONTRIBUTION AUTHORIZATION
52 CERTIFICATES ISSUED FOR CONTRIBUTIONS TO PUBLIC EDUCATION ENTITIES,
53 SCHOOL IMPROVEMENT ORGANIZATIONS, LOCAL EDUCATION FUNDS, AND SCHOLARSHIP
54 ORGANIZATIONS, RESPECTIVELY; (III) THE GEOGRAPHICAL DISTRIBUTION BY
55 COUNTY OF (A) THE APPLICATIONS FOR CONTRIBUTION AUTHORIZATION CERTIF-
56 ICATES, DISTRIBUTION BY COUNTY OF (B) THE PUBLIC EDUCATION ENTITIES,

1 SCHOOL IMPROVEMENT ORGANIZATIONS, LOCAL EDUCATION FUNDS, AND EDUCATIONAL
2 SCHOLARSHIP ORGANIZATIONS LISTED ON THE ISSUED CONTRIBUTION AUTHORI-
3 ZATION CERTIFICATES; AND (IV) INFORMATION, INCLUDING GEOGRAPHICAL
4 DISTRIBUTION BY COUNTY, OF THE NUMBER OF ELIGIBLE PUPILS THAT RECEIVED
5 SCHOLARSHIPS, THE NUMBER OF QUALIFIED SCHOOLS ATTENDED BY ELIGIBLE
6 PUPILS THAT RECEIVED SUCH SCHOLARSHIPS, AND THE AVERAGE VALUE OF SCHOL-
7 ARSHIPS RECEIVED BY SUCH ELIGIBLE PUPILS. THE COMMISSIONER AND DESIG-
8 NATED EMPLOYEES OF THE DEPARTMENT, THE BOARD OF REGENTS AND ALL MEMBERS
9 OF THE BOARD OF REGENTS, INCLUDING THE COMMISSIONER OF EDUCATION AND
10 DESIGNATED EMPLOYEES OF THE DEPARTMENT OF EDUCATION, SHALL BE ALLOWED
11 AND ARE DIRECTED TO SHARE AND EXCHANGE INFORMATION REGARDING THE SCHOOL
12 IMPROVEMENT ORGANIZATIONS, LOCAL EDUCATION FUNDS AND EDUCATIONAL SCHOL-
13 ARSHIP ORGANIZATIONS THAT APPLIED FOR APPROVAL TO BE AUTHORIZED TO
14 RECEIVE QUALIFIED CONTRIBUTIONS; AND THE PUBLIC EDUCATION ENTITIES,
15 SCHOOL IMPROVEMENT ORGANIZATIONS, LOCAL EDUCATION FUNDS, AND EDUCATIONAL
16 SCHOLARSHIP ORGANIZATIONS AUTHORIZED TO ISSUE CERTIFICATES OF RECEIPT,
17 INCLUDING INFORMATION CONTAINED IN OR DERIVED FROM APPLICATION FORMS AND
18 REPORTS SUBMITTED TO THE DEPARTMENT OF EDUCATION OR BOARD OF REGENTS.

19 (L) CROSS REFERENCES. FOR APPLICATION OF THE CREDIT PROVIDED FOR IN
20 THIS SECTION, SEE THE FOLLOWING PROVISIONS OF THIS CHAPTER:

21 1. ARTICLE 9-A: SECTION 210; SUBDIVISION 48;

22 2. ARTICLE 22: SECTION 606; SUBSECTIONS (I) AND (XX).

23 S 3. Paragraph (b) of subdivision 9 of section 208 of the tax law is
24 amended by adding a new subparagraph 21 to read as follows:

25 (21) THE AMOUNT OF ANY DEDUCTION ALLOWED PURSUANT TO SECTION ONE
26 HUNDRED SEVENTY OF THE INTERNAL REVENUE CODE FOR WHICH A CREDIT IS
27 CLAIMED PURSUANT TO SUBDIVISION FORTY-EIGHT OF SECTION TWO HUNDRED TEN
28 OF THIS ARTICLE.

29 S 4. Section 210 of the tax law is amended by adding a new subdivision
30 48 to read as follows:

31 48. EDUCATION INVESTMENT TAX CREDIT. (A) ALLOWANCE OF CREDIT. A
32 TAXPAYER SHALL BE ALLOWED A CREDIT, TO BE COMPUTED AS PROVIDED IN
33 SECTION FORTY-ONE OF THIS CHAPTER, AGAINST THE TAX IMPOSED BY THIS ARTI-
34 CLE.

35 (B) APPLICATION OF CREDIT. THE CREDIT ALLOWED UNDER THIS SUBDIVISION
36 FOR ANY TAXABLE YEAR SHALL NOT REDUCE THE TAX DUE FOR THAT YEAR TO LESS
37 THAN THE HIGHER OF THE AMOUNTS PRESCRIBED IN PARAGRAPHS (C) OR (D) OF
38 SUBDIVISION ONE OF THIS SECTION. HOWEVER, IF THE AMOUNT OF CREDIT
39 ALLOWED UNDER THIS SUBDIVISION FOR QUALIFIED CONTRIBUTIONS FOR ANY TAXA-
40 BLE YEAR REDUCES THE TAX TO SUCH AMOUNT, ANY AMOUNT OF CREDIT NOT DEDUC-
41 TIBLE IN SUCH TAXABLE YEAR MAY BE CARRIED OVER TO THE SUCCEEDING FIVE
42 YEARS AND MAY BE DEDUCTED FROM THE TAXPAYER'S TAX FOR SUCH YEAR OR
43 YEARS.

44 S 5. Subparagraph (B) of paragraph 1 of subsection (i) of section 606
45 of the tax law is amended by adding a new clause (xxxvii) to read as
46 follows:

47 (XXXVII) EDUCATION INVESTMENT	AMOUNT OF CREDIT UNDER SUBDIVISION
48 TAX CREDIT UNDER SUBSECTION (XX)	FORTY-EIGHT OF SECTION TWO HUNDRED
49	TEN

50 S 6. Section 606 of the tax law is amended by adding two new
51 subsections (w) and (w-1) to read as follows:

52 (W) HOME-BASED INSTRUCTIONAL MATERIALS CREDIT. (1) FOR TAXABLE YEARS
53 BEGINNING ON OR AFTER JANUARY FIRST, TWO THOUSAND FIFTEEN, A TAXPAYER
54 SHALL BE ALLOWED A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE FOR
55 THE PURCHASE OF INSTRUCTIONAL MATERIALS APPROVED BY THE DEPARTMENT OF
56 EDUCATION OR BOARD OF REGENTS FOR USE IN NON-PUBLIC HOME-BASED EDUCA-

TIONAL PROGRAMS; PROVIDED, THAT THE AMOUNT OF CREDIT CLAIMED DOES NOT EXCEED THE LESSER OF ONE HUNDRED DOLLARS OR ONE HUNDRED PERCENT OF THE COST OF SUCH PURCHASES MADE BY THE TAXPAYER DURING THE TAXABLE YEAR.

(2) A HUSBAND AND WIFE WHO FILE SEPARATE RETURNS FOR A TAXABLE YEAR IN WHICH THEY COULD HAVE FILED A JOINT RETURN MAY EACH CLAIM ONLY ONE-HALF OF THE TAX CREDIT THAT WOULD HAVE BEEN ALLOWED FOR A JOINT RETURN.

(3) IF THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS SUBSECTION FOR ANY TAXABLE YEAR SHALL EXCEED THE TAXPAYER'S TAX FOR SUCH YEAR, THE EXCESS SHALL BE TREATED AS AN OVERPAYMENT OF TAX TO BE CREDITED OR REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF SECTION SIX HUNDRED EIGHTY-SIX OF THIS ARTICLE, PROVIDED, HOWEVER, THAT NO INTEREST SHALL BE PAID THEREON.

(W-1) INSTRUCTIONAL MATERIALS AND SUPPLIES CREDIT. (1) FOR TAXABLE YEARS BEGINNING ON AND AFTER JANUARY FIRST, TWO THOUSAND FIFTEEN, A TAXPAYER SHALL BE ALLOWED A CREDIT EQUAL TO THE LESSER OF THE AMOUNT PAID BY THE TAXPAYER DURING THE TAXABLE YEAR FOR INSTRUCTIONAL MATERIALS AND SUPPLIES, OR TWO HUNDRED DOLLARS; PROVIDED THAT THE TAXPAYER IS A TEACHER OR INSTRUCTOR IN A QUALIFIED SCHOOL, AS DEFINED IN SECTION FORTY-ONE OF THIS CHAPTER, FOR AT LEAST NINE HUNDRED HOURS DURING A SCHOOL YEAR. FOR PURPOSES OF THIS SUBSECTION, THE TERM "MATERIALS AND SUPPLIES" MEANS INSTRUCTIONAL MATERIALS OR SUPPLIES THAT ARE USED IN THE CLASSROOM IN ANY QUALIFIED SCHOOL.

(2) A HUSBAND AND WIFE WHO FILE SEPARATE RETURNS FOR A TAXABLE YEAR IN WHICH THEY COULD HAVE FILED A JOINT RETURN MAY EACH CLAIM ONLY ONE-HALF OF THE TAX CREDIT THAT WOULD HAVE BEEN ALLOWED FOR A JOINT RETURN.

(3) IF THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS SUBSECTION FOR ANY TAXABLE YEAR SHALL EXCEED THE TAXPAYER'S TAX FOR SUCH YEAR, THE EXCESS SHALL BE TREATED AS AN OVERPAYMENT OF TAX TO BE CREDITED OR REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF SECTION SIX HUNDRED EIGHTY-SIX OF THIS ARTICLE, PROVIDED, HOWEVER, THAT NO INTEREST SHALL BE PAID THEREON.

S 7. Section 606 of the tax law is amended by adding a new subsection (xx) to read as follows:

(XX) EDUCATION INVESTMENT TAX CREDIT. (1) ALLOWANCE OF CREDIT. A TAXPAYER SHALL BE ALLOWED A CREDIT TO BE COMPUTED AS PROVIDED IN SECTION FORTY-ONE OF THIS CHAPTER, AGAINST THE TAX IMPOSED BY THIS ARTICLE.

(2) APPLICATION OF CREDIT. IF THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS SUBSECTION FOR ANY QUALIFIED CONTRIBUTIONS FOR ANY TAXABLE YEAR EXCEEDS THE TAXPAYER'S TAX FOR SUCH YEAR, THE EXCESS MAY BE CARRIED OVER TO THE SUCCEEDING FIVE YEARS AND MAY BE DEDUCTED FROM THE TAXPAYER'S TAX FOR SUCH YEAR OR YEARS.

S 8. Subdivision (c) of section 615 of the tax law is amended by adding a new paragraph 9 to read as follows:

(9) THE AMOUNT OF ANY FEDERAL DEDUCTION FOR CONTRIBUTIONS MADE FOR WHICH A TAXPAYER CLAIMS A CREDIT UNDER SUBSECTION (XX) OF SECTION SIX HUNDRED SIX OF THIS ARTICLE.

S 9. The education law is amended by adding a new article 25 to read as follows:

ARTICLE 25

EDUCATION INVESTMENT TAX CREDIT PROGRAM

SECTION 1209. SHORT TITLE.

1210. DEFINITIONS.

1211. APPROVAL TO ISSUE CERTIFICATES OF RECEIPT.

1212. APPLICATIONS FOR APPROVAL TO ISSUE CERTIFICATES OF RECEIPT.

1213. APPLICATION APPROVAL.

1214. REVOCATION OF APPROVAL TO ISSUE CERTIFICATES OF RECEIPT.

1215. REPORTING AND RECORDKEEPING.

1216. JOINT ANNUAL REPORT.

1217. COMMISSIONER; POWERS.

S 1209. SHORT TITLE. THIS ARTICLE SHALL BE KNOWN AND MAY BE CITED AS THE "EDUCATION INVESTMENT TAX CREDIT PROGRAM".

S 1210. DEFINITIONS. AS USED IN THIS ARTICLE, THE FOLLOWING TERMS SHALL HAVE THE FOLLOWING MEANINGS:

(1) "AUTHORIZED CONTRIBUTION" MEANS THE CONTRIBUTION AMOUNT LISTED ON THE CONTRIBUTION AUTHORIZATION CERTIFICATE ISSUED TO A TAXPAYER.

(2) "CONTRIBUTION" MEANS A DONATION PAID BY CASH, CHECK, ELECTRONIC FUNDS TRANSFER, DEBIT CARD OR CREDIT CARD MADE BY THE TAXPAYER DURING THE TAX YEAR.

(3) "EDUCATIONAL PROGRAM" MEANS AN ACADEMIC OR SIMILAR PROGRAM OF A PUBLIC SCHOOL THAT ENHANCES THE CURRICULUM OR ACADEMIC PROGRAM OF THE PUBLIC SCHOOL, OR PROVIDES A PRE-KINDERGARTEN PROGRAM TO THE PUBLIC SCHOOL. FOR PURPOSES OF THIS DEFINITION, THE INSTRUCTION, MATERIALS, PROGRAMS OR OTHER ACTIVITIES OFFERED BY OR THROUGH AN EDUCATIONAL PROGRAM MAY INCLUDE, BUT ARE NOT LIMITED TO, THE FOLLOWING FEATURES: (A) INSTRUCTION OR MATERIALS PROMOTING HEALTH, PHYSICAL EDUCATION, AND FAMILY AND CONSUMER SCIENCES; LITERARY, PERFORMING AND VISUAL ARTS; MATHEMATICS, SOCIAL STUDIES, TECHNOLOGY AND SCIENTIFIC ACHIEVEMENT; (B) INSTRUCTION OR PROGRAMMING TO MEET THE EDUCATION NEEDS OF AT-RISK STUDENTS OR STUDENTS WITH DISABILITIES, INCLUDING TUTORING OR COUNSELING; OR (C) USE OF SPECIALIZED INSTRUCTIONAL MATERIALS, INSTRUCTORS OR INSTRUCTION NOT PROVIDED BY A PUBLIC SCHOOL.

(4) "EDUCATIONAL SCHOLARSHIP ORGANIZATION" MEANS A NOT-FOR-PROFIT ENTITY WHICH (A) IS EXEMPT FROM TAXATION UNDER PARAGRAPH THREE OF SUBSECTION (C) OF SECTION FIVE HUNDRED ONE OF THE INTERNAL REVENUE CODE, (B) USES AT LEAST NINETY PERCENT OF THE REVENUE FROM QUALIFIED CONTRIBUTIONS RECEIVED DURING THE CALENDAR YEAR AND ANY INCOME DERIVED FROM QUALIFIED CONTRIBUTIONS FOR SCHOLARSHIPS, (C) DEPOSITS AND HOLDS QUALIFIED CONTRIBUTIONS AND ANY INCOME DERIVED FROM QUALIFIED CONTRIBUTIONS IN AN ACCOUNT THAT IS SEPARATE FROM THE ORGANIZATION'S OPERATING OR OTHER FUNDS UNTIL SUCH QUALIFIED CONTRIBUTIONS OR INCOME ARE WITHDRAWN FOR USE, AND (D) PROVIDES SCHOLARSHIPS TO ELIGIBLE PUPILS FOR USE AT NO FEWER THAN THREE QUALIFIED SCHOOLS.

(5) "ELIGIBLE PUPIL" MEANS A CHILD WHO (A) IS A RESIDENT OF THIS STATE, (B) IS SCHOOL AGE IN ACCORDANCE WITH SUBDIVISION ONE OF SECTION THIRTY-TWO HUNDRED TWO OF THIS CHAPTER OR WHO IS FOUR YEARS OF AGE ON OR BEFORE DECEMBER FIRST OF THE YEAR IN WHICH THEY ARE ENROLLED IN A PRE-KINDERGARTEN PROGRAM, (C) ATTENDS OR IS ABOUT TO ATTEND A QUALIFIED SCHOOL, AND (D) RESIDES IN A HOUSEHOLD THAT HAS A FEDERAL ADJUSTED GROSS INCOME OF FIVE HUNDRED THOUSAND DOLLARS OR LESS, PROVIDED HOWEVER, FOR HOUSEHOLDS WITH THREE OR MORE DEPENDENT CHILDREN, SUCH INCOME LEVEL SHALL BE INCREASED BY TEN THOUSAND DOLLARS PER DEPENDENT CHILD, NOT TO EXCEED FIVE HUNDRED FIFTY THOUSAND DOLLARS.

(6) "LOCAL EDUCATION FUND" MEANS A NOT-FOR-PROFIT ENTITY WHICH (A) IS EXEMPT FROM TAXATION UNDER PARAGRAPH THREE OF SUBSECTION (C) OF SECTION FIVE HUNDRED ONE OF THE INTERNAL REVENUE CODE, (B) IS ESTABLISHED FOR THE PURPOSE OF SUPPORTING AT LEAST ONE PUBLIC SCHOOL, OR PUBLIC SCHOOL DISTRICT, (C) USES AT LEAST NINETY PERCENT OF THE QUALIFIED CONTRIBUTIONS RECEIVED DURING THE CALENDAR YEAR AND ANY INCOME DERIVED FROM QUALIFIED CONTRIBUTIONS TO SUPPORT THE PUBLIC SCHOOL OR SCHOOLS OR PUBLIC SCHOOL DISTRICT OR DISTRICTS THAT SUCH FUND HAS BEEN ESTABLISHED TO SUPPORT, AND (D) DEPOSITS AND HOLDS QUALIFIED CONTRIBUTIONS AND ANY INCOME DERIVED FROM QUALIFIED CONTRIBUTIONS IN AN ACCOUNT THAT IS SEPA-

1 RATE FROM THE FUND'S OPERATING OR OTHER FUNDS UNTIL SUCH QUALIFIED
2 CONTRIBUTIONS OR INCOME ARE WITHDRAWN FOR USE.

3 (7) "NONPUBLIC SCHOOL" MEANS ANY NOT-FOR-PROFIT PRE-KINDERGARTEN
4 PROGRAM OR ELEMENTARY, SECONDARY SECTARIAN OR NONSECTARIAN SCHOOL
5 LOCATED IN THIS STATE, OTHER THAN A PUBLIC SCHOOL, THAT IS PROVIDING
6 INSTRUCTION AT ONE OR MORE LOCATIONS TO A STUDENT IN ACCORDANCE WITH
7 SUBDIVISION TWO OF SECTION THIRTY-TWO HUNDRED FOUR OF THIS CHAPTER.

8 (8) "PUBLIC EDUCATION ENTITY" MEANS A PUBLIC SCHOOL OR A PUBLIC SCHOOL
9 DISTRICT, PROVIDED THAT SUCH PUBLIC SCHOOL, OR PUBLIC SCHOOL DISTRICT
10 DEPOSITS AND HOLDS QUALIFIED CONTRIBUTIONS AND ANY INCOME DERIVED FROM
11 QUALIFIED CONTRIBUTIONS IN AN ACCOUNT THAT IS SEPARATE FROM THE PUBLIC
12 SCHOOL OR PUBLIC SCHOOL DISTRICT'S OPERATING OR OTHER FUNDS UNTIL SUCH
13 QUALIFIED CONTRIBUTIONS OR INCOME ARE WITHDRAWN FOR USE, AND IS APPROVED
14 TO ISSUE CERTIFICATES OF RECEIPT PURSUANT TO THIS ARTICLE.

15 (9) "PUBLIC SCHOOL" MEANS ANY FREE ELEMENTARY OR SECONDARY SCHOOL IN
16 THIS STATE GUARANTEED BY ARTICLE ELEVEN OF THE NEW YORK CONSTITUTION OR
17 CHARTER SCHOOL AUTHORIZED BY ARTICLE FIFTY-SIX OF THIS CHAPTER.

18 (10) "QUALIFIED CONTRIBUTION" MEANS THE AUTHORIZED CONTRIBUTION MADE
19 BY A TAXPAYER TO THE PUBLIC EDUCATION ENTITY, SCHOOL IMPROVEMENT ORGAN-
20 IZATION, LOCAL EDUCATION FUND, OR EDUCATIONAL SCHOLARSHIP ORGANIZATION
21 THAT IS LISTED ON THE CONTRIBUTION AUTHORIZATION CERTIFICATE ISSUED TO
22 THE TAXPAYER AND FOR WHICH THE TAXPAYER HAS RECEIVED A CERTIFICATE OF
23 RECEIPT FROM SUCH ENTITY, FUND, OR ORGANIZATION.

24 (11) "QUALIFIED EDUCATOR" MEANS AN INDIVIDUAL WHO IS A TEACHER OR
25 INSTRUCTOR IN A QUALIFIED SCHOOL FOR AT LEAST NINE HUNDRED HOURS DURING
26 A SCHOOL YEAR.

27 (12) "QUALIFIED SCHOOL" MEANS A PUBLIC SCHOOL OR NONPUBLIC SCHOOL.

28 (13) "SCHOLARSHIP" MEANS AN EDUCATIONAL SCHOLARSHIP OR TUITION GRANT
29 AWARDED TO AN ELIGIBLE PUPIL TO ATTEND A QUALIFIED SCHOOL IN AN AMOUNT
30 NOT TO EXCEED THE TUITION CHARGED TO ATTEND SUCH SCHOOL LESS ANY OTHER
31 EDUCATIONAL SCHOLARSHIP OR TUITION GRANT RECEIVED BY SUCH ELIGIBLE PUPIL
32 OR HIS OR HER PARENT, PARENTS OR GUARDIAN FOR SUCH ELIGIBLE PUPIL'S
33 TUITION; PROVIDED, HOWEVER, IN THE CASE OF AN ELIGIBLE PUPIL ATTENDING A
34 PUBLIC SCHOOL IN A PUBLIC SCHOOL DISTRICT OF WHICH SUCH PUPIL IS NOT A
35 RESIDENT, THE AMOUNT OF THE EDUCATIONAL SCHOLARSHIP OR TUITION GRANT
36 AWARDED MAY NOT EXCEED THE TUITION CHARGED BY THE PUBLIC SCHOOL PURSUANT
37 TO PARAGRAPH D OF SUBDIVISION FOUR OF SECTION THIRTY-TWO HUNDRED TWO OF
38 THIS CHAPTER LESS ANY OTHER EDUCATIONAL SCHOLARSHIP OR TUITION GRANT
39 RECEIVED BY SUCH ELIGIBLE PUPIL OR HIS OR HER PARENT, PARENTS OR GUARDI-
40 AN FOR SUCH ELIGIBLE PUPIL'S TUITION, BUT ONLY IF THE PUBLIC SCHOOL
41 DISTRICT OF WHICH SUCH PUPIL IS A RESIDENT IS NOT REQUIRED TO PAY FOR
42 SUCH TUITION.

43 (14) "SCHOOL IMPROVEMENT ORGANIZATION" MEANS A NOT-FOR-PROFIT ENTITY
44 WHICH (I) IS EXEMPT FROM TAXATION UNDER PARAGRAPH THREE OF SUBSECTION
45 (C) OF SECTION FIVE HUNDRED ONE OF THE INTERNAL REVENUE CODE, (II) USES
46 AT LEAST NINETY PERCENT OF THE QUALIFIED CONTRIBUTIONS RECEIVED DURING
47 THE CALENDAR YEAR AND ANY INCOME DERIVED FROM SUCH QUALIFIED CONTRIB-
48 UTIONS DURING SUCH MONTHS TO ASSIST PUBLIC SCHOOLS OR PUBLIC SCHOOL
49 DISTRICTS LOCATED IN THIS STATE IN THEIR PROVISION OF EDUCATIONAL
50 PROGRAMS, EITHER BY MAKING CONTRIBUTIONS TO ONE OR MORE PUBLIC SCHOOLS
51 OR PUBLIC SCHOOL DISTRICTS LOCATED IN THIS STATE OR PROVIDING EDUCA-
52 TIONAL PROGRAMS TO, OR IN CONJUNCTION WITH, ONE OR MORE PUBLIC SCHOOLS
53 OR PUBLIC SCHOOL DISTRICTS LOCATED IN THIS STATE, (III) DEPOSITS AND
54 HOLDS QUALIFIED CONTRIBUTIONS AND ANY INCOME DERIVED FROM SUCH QUALIFIED
55 CONTRIBUTIONS IN AN ACCOUNT THAT IS SEPARATE FROM THE ORGANIZATION'S
56 OPERATING OR OTHER FUNDS UNTIL SUCH QUALIFIED CONTRIBUTIONS OR INCOME

1 ARE WITHDRAWN FOR USE, AND (IV) IS APPROVED TO ISSUE CERTIFICATES OF
2 RECEIPT PURSUANT TO THIS ARTICLE. SUCH TERM INCLUDES A PRE-KINDERGARTEN
3 PROGRAM OR NOT-FOR-PROFIT ENTITY THAT ALLOWS THE TAXPAYER TO CHOOSE TO
4 DONATE TO A PROGRAM, PROJECT OR INITIATIVE IDENTIFIED BY A QUALIFIED
5 EDUCATOR FOR USE IN A PUBLIC SCHOOL.

6 S 1211. APPROVAL TO ISSUE CERTIFICATES OF RECEIPT. 1. PUBLIC SCHOOLS
7 AND PUBLIC SCHOOL DISTRICTS. ALL PUBLIC SCHOOLS AND PUBLIC SCHOOL
8 DISTRICTS SHALL BE APPROVED TO ISSUE CERTIFICATES OF RECEIPT PROVIDED,
9 THAT A PUBLIC SCHOOL OR PUBLIC SCHOOL DISTRICT SHALL NOT BE APPROVED IF
10 EITHER (A) THE PUBLIC SCHOOL OR PUBLIC SCHOOL DISTRICT FAILS TO DEPOSIT
11 AND HOLD QUALIFIED CONTRIBUTIONS AND ANY INCOME DERIVED FROM QUALIFIED
12 CONTRIBUTIONS IN AN ACCOUNT THAT IS SEPARATE FROM THE SCHOOL OR SCHOOL
13 DISTRICT'S OPERATING OR OTHER FUNDS UNTIL SUCH QUALIFIED CONTRIBUTIONS
14 OR INCOME ARE WITHDRAWN FOR USE, OR (B) THE BOARD OF REGENTS HAS REVOKED
15 SUCH APPROVAL FOR SUCH PUBLIC SCHOOL OR PUBLIC SCHOOL DISTRICT PURSUANT
16 TO SECTION TWELVE HUNDRED FOURTEEN OF THIS ARTICLE.

17 2. SCHOOL IMPROVEMENT ORGANIZATIONS, EDUCATIONAL SCHOLARSHIP ORGANIZA-
18 TIONS AND LOCAL EDUCATION FUNDS. NO SCHOOL IMPROVEMENT ORGANIZATION,
19 EDUCATIONAL SCHOLARSHIP ORGANIZATION OR LOCAL EDUCATION FUND SHALL ISSUE
20 ANY CERTIFICATES OF RECEIPT WITHOUT FILING AN APPLICATION PURSUANT TO
21 SECTION TWELVE HUNDRED TWELVE OF THIS ARTICLE AND RECEIVING APPROVAL
22 PURSUANT TO SECTION TWELVE HUNDRED THIRTEEN OF THIS ARTICLE.

23 S 1212. APPLICATIONS FOR APPROVAL TO ISSUE CERTIFICATES OF RECEIPT.
24 EACH SCHOOL IMPROVEMENT ORGANIZATION, EDUCATIONAL SCHOLARSHIP ORGANIZA-
25 TION, AND LOCAL EDUCATION FUND SHALL SUBMIT AN APPLICATION TO THE BOARD
26 OF REGENTS FOR APPROVAL TO ISSUE CERTIFICATES OF RECEIPT IN THE FORM AND
27 MANNER PRESCRIBED BY THE BOARD.

28 S 1213. APPLICATION APPROVAL. 1. IN GENERAL. THE BOARD OF REGENTS
29 SHALL REVIEW EACH APPLICATION TO ISSUE CERTIFICATES OF RECEIPT PURSUANT
30 TO THIS ARTICLE. APPROVAL OR DENIAL OF AN APPLICATION SHALL BE MADE AT
31 THE NEXT SCHEDULED MEETING OF THE BOARD OF REGENTS THAT FOLLOWS THE
32 RECEIPT OF SUCH APPLICATION, PROVIDED, HOWEVER THAT IF IT IS NOT PRACTI-
33 CABLE FOR THE BOARD TO REVIEW AN APPLICATION THAT IS RECEIVED LESS THAN
34 THREE DAYS BEFORE A SCHEDULED MEETING, THE BOARD SHALL APPROVE OR DENY
35 SUCH AN APPLICATION AT THE IMMEDIATELY FOLLOWING SCHEDULED MEETING.

36 2. NOTIFICATION. APPLICANTS SHALL BE NOTIFIED OF THE BOARD OF REGENTS'
37 DETERMINATION WITHIN THREE BUSINESS DAYS OF THE BOARD'S DETERMINATION.

38 S 1214. REVOCATION OF APPROVAL TO ISSUE CERTIFICATES OF RECEIPT. THE
39 BOARD OF REGENTS, IN CONSULTATION WITH THE COMMISSIONER OF TAXATION AND
40 FINANCE, MAY REVOKE THE APPROVAL OF A SCHOOL IMPROVEMENT ORGANIZATION,
41 EDUCATIONAL SCHOLARSHIP ORGANIZATION, LOCAL EDUCATION FUND, PUBLIC
42 SCHOOL OR PUBLIC SCHOOL DISTRICT TO ISSUE CERTIFICATES OF RECEIPT UPON A
43 FINDING THAT SUCH ORGANIZATION, FUND, SCHOOL OR SCHOOL DISTRICT HAS
44 VIOLATED THIS ARTICLE OR SECTION FORTY-ONE OF THE TAX LAW. THESE
45 VIOLATIONS SHALL INCLUDE, BUT NOT BE LIMITED TO, ANY OF THE FOLLOWING:
46 (1) FAILURE TO MEET THE REQUIREMENTS OF THIS ARTICLE OR SECTION
47 FORTY-ONE OF THE TAX LAW, (2) THE FAILURE TO MAINTAIN FULL AND ADEQUATE
48 RECORDS WITH RESPECT TO THE RECEIPT OF QUALIFIED CONTRIBUTIONS, (3) THE
49 FAILURE TO SUPPLY SUCH RECORDS TO THE COMMISSIONER, DEPARTMENT OF TAXA-
50 TION AND FINANCE OR BOARD OF REGENTS WHEN REQUESTED BY THE DEPARTMENT OR
51 BOARD, OR (4) THE FAILURE TO PROVIDE NOTICE TO THE DEPARTMENT OF TAXA-
52 TION AND FINANCE OF THE ISSUANCE OR NONISSUANCE OF CERTIFICATES OF
53 RECEIPT PURSUANT TO SECTION FORTY-ONE OF THE TAX LAW; PROVIDED HOWEVER,
54 THAT THE BOARD OF REGENTS SHALL NOT REVOKE APPROVAL PURSUANT TO THIS
55 SECTION BASED UPON A VIOLATION OF THE TAX LAW UNLESS THE COMMISSIONER OF
56 TAXATION AND FINANCE AGREES THAT REVOCATION IS WARRANTED; AND PROVIDED

1 FURTHER THAT THE BOARD SHALL NOT REVOKE APPROVAL PURSUANT TO THIS
2 SECTION WHEN THE FAILURE TO COMPLY IS DUE TO CLERICAL ERROR AND NOT
3 NEGLIGENCE OR INTENTIONAL DISREGARD FOR THE LAW. WITHIN FIVE DAYS OF THE
4 DETERMINATION REVOKING APPROVAL, THE BOARD SHALL PROVIDE NOTICE OF SUCH
5 REVOCATION TO THE EDUCATIONAL SCHOLARSHIP ORGANIZATION, SCHOOL IMPROVE-
6 MENT ORGANIZATION, LOCAL EDUCATION FUND, PUBLIC SCHOOL, OR PUBLIC SCHOOL
7 DISTRICT AND TO THE DEPARTMENT OF TAXATION AND FINANCE.

8 S 1215. REPORTING AND RECORDKEEPING. 1. EACH EDUCATIONAL SCHOLARSHIP
9 ORGANIZATION, LOCAL EDUCATION FUND, SCHOOL IMPROVEMENT ORGANIZATION,
10 PUBLIC SCHOOL AND PUBLIC SCHOOL DISTRICT THAT RECEIVES QUALIFIED
11 CONTRIBUTIONS SHALL REPORT TO THE COMMISSIONER AND THE BOARD OF REGENTS
12 BY JANUARY THIRTY-FIRST OF EACH CALENDAR YEAR. SUCH REPORT SHALL BE IN
13 THE FORM AND MANNER PRESCRIBED BY THE COMMISSIONER IN CONSULTATION WITH
14 THE BOARD OF REGENTS.

15 2. RECORDKEEPING. EACH SCHOOL IMPROVEMENT ORGANIZATION, EDUCATIONAL
16 SCHOLARSHIP ORGANIZATION, LOCAL EDUCATION FUND, PUBLIC SCHOOL AND PUBLIC
17 SCHOOL DISTRICT THAT ISSUED AT LEAST ONE CERTIFICATE OF RECEIPT SHALL
18 MAINTAIN RECORDS INCLUDING (A) NOTIFICATIONS RECEIVED FROM THE DEPART-
19 MENT OF TAXATION AND FINANCE, (B) NOTIFICATIONS MADE TO THE DEPARTMENT
20 OF TAXATION AND FINANCE, (C) COPIES OF QUALIFIED CONTRIBUTIONS RECEIVED,
21 (D) COPIES OF THE DEPOSIT OF SUCH QUALIFIED CONTRIBUTIONS, (E) COPIES OF
22 ISSUED CERTIFICATES OF RECEIPT, (F) ANNUAL FINANCIAL STATEMENTS, (G) IN
23 THE CASE OF SCHOOL IMPROVEMENT ORGANIZATIONS, EDUCATIONAL SCHOLARSHIP
24 ORGANIZATIONS AND LOCAL EDUCATION FUNDS, THE APPLICATION SUBMITTED
25 PURSUANT TO SECTION TWELVE HUNDRED TWELVE OF THIS ARTICLE AND THE
26 APPROVAL ISSUED BY THE BOARD OF REGENTS, AND (H) ANY OTHER INFORMATION
27 AS PRESCRIBED BY REGULATION PROMULGATED BY THE COMMISSIONER OR RULE
28 PROMULGATED BY THE BOARD OF REGENTS.

29 S 1216. JOINT ANNUAL REPORT. ON OR BEFORE THE LAST DAY OF MAY FOR EACH
30 CALENDAR YEAR, THE COMMISSIONER OF TAXATION AND FINANCE AND THE COMMIS-
31 SIONER, JOINTLY, SHALL SUBMIT A WRITTEN REPORT AS PROVIDED IN PARAGRAPH
32 TWO OF SUBDIVISION (K) OF SECTION FORTY-ONE OF THE TAX LAW.

33 S 1217. COMMISSIONER; POWERS. THE COMMISSIONER SHALL PROMULGATE ON AN
34 EMERGENCY BASIS REGULATIONS NECESSARY FOR THE IMPLEMENTATION OF THIS
35 SECTION. THE COMMISSIONER SHALL MAKE ANY APPLICATION REQUIRED TO BE
36 FILED PURSUANT TO THIS ARTICLE AVAILABLE TO APPLICANTS WITHIN SIXTY DAYS
37 OF THE EFFECTIVE DATE OF THIS ARTICLE.

38 S 10. The education law is amended by adding a new section 1503-a to
39 read as follows:

40 S 1503-A. POWER TO ACCEPT AND SOLICIT GIFTS AND DONATIONS. 1. ALL
41 SCHOOL DISTRICTS ORGANIZED BY SPECIAL LAWS OR PURSUANT TO THE PROVISIONS
42 OF A GENERAL LAW ARE HEREBY AUTHORIZED AND EMPOWERED TO ACCEPT GIFTS,
43 DONATIONS, AND CONTRIBUTIONS TO THE DISTRICT AND TO SOLICIT THE SAME.

44 2. NOTWITHSTANDING ANY OTHER PROVISION OF THIS CHAPTER OR OF ANY OTHER
45 GENERAL OR SPECIAL LAW TO THE CONTRARY, THE RECEIPT OF SUCH GIFTS,
46 DONATIONS, CONTRIBUTIONS AND OTHER FUNDS, AND ANY INCOME DERIVED THERE-
47 FROM, SHALL BE DISREGARDED FOR THE PURPOSES OF ALL APPORTIONMENTS,
48 COMPUTATIONS, AND DETERMINATIONS OF STATE AID.

49 S 11. Severability. If any provision of this section or the applica-
50 tion thereof to any person or circumstances is held invalid, such inva-
51 lidity shall not affect other provisions or applications of the section
52 which can be given effect without the invalid provision or application,
53 and to this end the provisions of this section are declared to be sever-
54 able.

55 S 12. This act shall take effect immediately and shall apply to taxa-
56 ble years beginning after December 31, 2014.

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PART KKK

2 Section 1. The labor law is amended by adding a new section 25-b to
3 read as follows:

4 S 25-B. POWER TO ADMINISTER THE WORKERS WITH DISABILITIES TAX CREDIT
5 PROGRAM. (A) THE COMMISSIONER IS AUTHORIZED TO ESTABLISH AND ADMINISTER
6 THE WORKERS WITH DISABILITIES TAX CREDIT PROGRAM TO PROVIDE TAX INCEN-
7 TIVES TO EMPLOYERS FOR EMPLOYING INDIVIDUALS WITH DEVELOPMENTAL DISABIL-
8 ITIES. THE COMMISSIONER IS AUTHORIZED TO ALLOCATE UP TO SIX MILLION
9 DOLLARS OF TAX CREDITS ANNUALLY.

10 (B) DEFINITIONS. (1) THE TERM "QUALIFIED EMPLOYER" MEANS AN EMPLOYER
11 THAT HAS BEEN CERTIFIED BY THE COMMISSIONER TO PARTICIPATE IN THE WORK-
12 ERS WITH DISABILITIES TAX CREDIT PROGRAM AND THAT EMPLOYS ONE OR MORE
13 QUALIFIED EMPLOYEES.

14 (2) THE TERM "QUALIFIED EMPLOYEE" MEANS AN INDIVIDUAL:

15 (I) WHO IS DEEMED TO HAVE A DEVELOPMENTAL DISABILITY, AS THAT TERM IS
16 DEFINED IN SUBDIVISION TWENTY-TWO OF SECTION 1.03 OF THE MENTAL HYGIENE
17 LAW AND WHO IS CERTIFIED BY THE EDUCATION DEPARTMENT OR THE OFFICE FOR
18 PEOPLE WITH DEVELOPMENTAL DISABILITIES:

19 (A) AS A PERSON WITH A DISABILITY WHICH CONSTITUTES OR RESULTS IN A
20 SUBSTANTIAL HANDICAP TO EMPLOYMENT; AND

21 (B) AS A PERSON HAVING COMPLETED OR AS RECEIVING SERVICES UNDER AN
22 INDIVIDUALIZED WRITTEN REHABILITATION PLAN APPROVED BY THE EDUCATION
23 DEPARTMENT OR OTHER STATE AGENCY RESPONSIBLE FOR PROVIDING VOCATIONAL
24 REHABILITATION SERVICES TO SUCH INDIVIDUAL; AND

25 (II) WHO IS A CURRENT EMPLOYEE OF A SHELTERED WORKSHOP, WHICH FOR
26 PURPOSES OF THIS SUBDIVISION IS DEFINED AS AN ORGANIZATION OR ENVIRON-
27 MENT THAT EMPLOYS PEOPLE WITH DISABILITIES SEGREGATED FROM OTHERS; OR
28 WHO WAS UNEMPLOYED FOR AT LEAST THREE MONTHS PRIOR TO JANUARY FIRST, TWO
29 THOUSAND FIFTEEN; AND

30 (III) WHO WILL BE WORKING FOR THE QUALIFIED EMPLOYER IN A FULL-TIME OR
31 PART-TIME POSITION THAT PAYS WAGES THAT ARE EQUIVALENT TO THE WAGES PAID
32 FOR SIMILAR JOBS, WITH APPROPRIATE ADJUSTMENTS FOR EXPERIENCE AND TRAIN-
33 ING, AND FOR WHICH NO OTHER EMPLOYEE HAS BEEN TERMINATED, OR WHERE THE
34 EMPLOYER HAS NOT OTHERWISE REDUCED ITS WORKFORCE BY INVOLUNTARY TERMI-
35 NATIONS WITH THE INTENTION OF FILLING THE VACANCY BY CREATING A NEW
36 HIRE.

37 (C) A QUALIFIED EMPLOYER SHALL BE ENTITLED TO A TAX CREDIT. THE TAX
38 CREDITS SHALL BE CLAIMED BY THE QUALIFIED EMPLOYER AS SPECIFIED IN
39 SUBDIVISION FORTY-EIGHT OF SECTION TWO HUNDRED TEN AND SUBSECTION (XX)
40 OF SECTION SIX HUNDRED SIX OF THE TAX LAW.

41 (D) TO PARTICIPATE IN THE DEVELOPMENTALLY DISABLED WORKS TAX CREDIT
42 PROGRAM, AN EMPLOYER MUST SUBMIT AN APPLICATION (IN A FORM PRESCRIBED BY
43 THE COMMISSIONER) TO THE COMMISSIONER NO LATER THAN NOVEMBER THIRTIETH,
44 TWO THOUSAND FOURTEEN FOR PROGRAM ONE, AFTER JANUARY FIRST, TWO THOUSAND
45 FIFTEEN BUT NO LATER THAN NOVEMBER THIRTIETH, TWO THOUSAND FIFTEEN FOR
46 PROGRAM TWO, AFTER JANUARY FIRST, TWO THOUSAND SIXTEEN BUT NO LATER THAN
47 NOVEMBER THIRTIETH, TWO THOUSAND SIXTEEN FOR PROGRAM THREE, AFTER JANU-
48 ARY FIRST, TWO THOUSAND SEVENTEEN BUT NO LATER THAN NOVEMBER THIRTIETH,
49 TWO THOUSAND SEVENTEEN FOR PROGRAM FOUR, AND AFTER JANUARY FIRST, TWO
50 THOUSAND EIGHTEEN BUT NO LATER THAN NOVEMBER THIRTIETH, TWO THOUSAND
51 EIGHTEEN FOR PROGRAM FIVE. THE QUALIFIED EMPLOYEES MUST START THEIR
52 EMPLOYMENT ON OR AFTER JANUARY FIRST, TWO THOUSAND FOURTEEN BUT NO LATER
53 THAN DECEMBER THIRTY-FIRST, TWO THOUSAND FOURTEEN FOR PROGRAM ONE, ON OR
54 AFTER JANUARY FIRST, TWO THOUSAND FIFTEEN BUT NO LATER THAN DECEMBER
55 THIRTY-FIRST, TWO THOUSAND FIFTEEN FOR PROGRAM TWO, ON OR AFTER JANUARY

1 FIRST, TWO THOUSAND SIXTEEN BUT NO LATER THAN DECEMBER THIRTY-FIRST, TWO
2 THOUSAND SIXTEEN FOR PROGRAM THREE, ON OR AFTER JANUARY FIRST, TWO THOU-
3 SAND SEVENTEEN BUT NO LATER THAN DECEMBER THIRTY-FIRST, TWO THOUSAND
4 SEVENTEEN FOR PROGRAM FOUR, AND ON OR AFTER JANUARY FIRST, TWO THOUSAND
5 EIGHTEEN BUT NO LATER THAN DECEMBER THIRTY-FIRST, TWO THOUSAND EIGHTEEN
6 FOR PROGRAM FIVE. THE COMMISSIONER SHALL ESTABLISH GUIDELINES AND CRITE-
7 RIA THAT SPECIFY REQUIREMENTS FOR EMPLOYERS TO PARTICIPATE IN THE
8 PROGRAM INCLUDING CRITERIA FOR CERTIFYING QUALIFIED EMPLOYEES. ANY REGU-
9 LATIONS THAT THE COMMISSIONER DETERMINES ARE NECESSARY MAY BE ADOPTED ON
10 AN EMERGENCY BASIS NOTWITHSTANDING ANYTHING TO THE CONTRARY IN SECTION
11 TWO HUNDRED TWO OF THE STATE ADMINISTRATIVE PROCEDURE ACT. SUCH REQUIRE-
12 MENTS MAY INCLUDE THE TYPES OF INDUSTRIES THAT THE EMPLOYERS ARE ENGAGED
13 IN. THE COMMISSIONER MAY GIVE PREFERENCE TO EMPLOYERS THAT ARE ENGAGED
14 IN DEMAND OCCUPATIONS OR INDUSTRIES, OR IN REGIONAL GROWTH SECTORS, SUCH
15 AS CLEAN ENERGY, HEALTHCARE, ADVANCED MANUFACTURING AND CONSERVATION. IN
16 ADDITION, THE COMMISSIONER MAY GIVE PREFERENCE TO EMPLOYERS WHO OFFER
17 ADVANCEMENT, INCLUDING BUT NOT LIMITED TO INCREASED HOURS OF EMPLOYMENT,
18 OR INCREASED WAGES, AND EMPLOYEE BENEFIT PACKAGES TO THE QUALIFIED INDI-
19 VIDUALS.

20 (E) IF, AFTER REVIEWING THE APPLICATION SUBMITTED BY AN EMPLOYER, THE
21 COMMISSIONER DETERMINES THAT SUCH EMPLOYER IS ELIGIBLE TO PARTICIPATE IN
22 THE WORKERS WITH DISABILITIES TAX CREDIT PROGRAM, THE COMMISSIONER SHALL
23 ISSUE THE EMPLOYER A CERTIFICATE OF ELIGIBILITY THAT ESTABLISHES THE
24 EMPLOYER AS A QUALIFIED EMPLOYER. THE CERTIFICATE OF ELIGIBILITY SHALL
25 SPECIFY THE MAXIMUM AMOUNT OF WORKERS WITH DISABILITIES TAX CREDIT THAT
26 THE EMPLOYER WILL BE ALLOWED TO CLAIM.

27 S 2. Section 210 of the tax law is amended by adding a new subdivision
28 48 to read as follows:

29 48. WORKERS WITH DISABILITIES TAX CREDIT. (A) THE AMOUNT OF THE CRED-
30 IT SHALL BE FIFTEEN PERCENT OF THE QUALIFIED WAGES PAID TO THE QUALIFIED
31 EMPLOYEE AFTER JANUARY FIRST, TWO THOUSAND FIFTEEN; PROVIDED, HOWEVER,
32 THAT THE QUALIFIED EMPLOYEE IS EMPLOYED FOR NOT LESS THAN SIX MONTHS AND
33 IS FULL TIME TOTALING AT LEAST THIRTY HOURS PER WEEK. A QUALIFIED PART
34 TIME EMPLOYEE WHO WORKS AT LEAST EIGHT HOURS PER WEEK AND IS EMPLOYED
35 FOR NOT LESS THAN SIX MONTHS SHALL RECEIVE A CREDIT OF TEN PERCENT OF
36 THE QUALIFIED WAGES PAID TO THE QUALIFIED EMPLOYEE AFTER JANUARY FIRST,
37 TWO THOUSAND FIFTEEN. THE CREDIT ALLOWED PURSUANT TO THIS SUBDIVISION
38 SHALL NOT EXCEED, DURING ANY TAXABLE YEAR, FIVE THOUSAND DOLLARS FOR ANY
39 QUALIFIED FULL TIME EMPLOYEE AND TWO THOUSAND FIVE HUNDRED DOLLARS FOR
40 ANY QUALIFIED PART TIME EMPLOYEE. "QUALIFIED WAGES" MEANS WAGES PAID OR
41 INCURRED BY THE QUALIFIED TAXPAYER DURING THE TAXABLE YEAR TO A QUALI-
42 FIED EMPLOYEE WHICH ARE ATTRIBUTABLE, WITH RESPECT TO SUCH EMPLOYEE, TO
43 SERVICES RENDERED BY THE QUALIFIED EMPLOYEE.

44 (B) CARRYOVER. THE CREDIT ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXA-
45 BLE YEAR SHALL NOT REDUCE THE TAX DUE FOR SUCH YEAR TO LESS THAN THE
46 AMOUNT PRESCRIBED IN PARAGRAPH (D) OF SUBDIVISION ONE OF THIS SECTION.
47 HOWEVER, IF THE AMOUNT OF CREDIT ALLOWABLE UNDER THIS SUBDIVISION FOR
48 ANY TAXABLE YEAR REDUCES THE TAX TO SUCH AMOUNT, ANY AMOUNT OF CREDIT
49 NOT DEDUCTIBLE IN SUCH TAXABLE YEAR MAY BE CARRIED OVER TO THE FOLLOWING
50 THREE YEARS, AND MAY BE DEDUCTED FROM THE QUALIFIED TAXPAYER'S TAX FOR
51 SUCH YEARS.

52 (C) THE TAXPAYER MAY BE REQUIRED TO ATTACH TO ITS TAX RETURN ITS
53 CERTIFICATE OF ELIGIBILITY ISSUED BY THE COMMISSIONER OF LABOR PURSUANT
54 TO SECTION TWENTY-FIVE-B OF THE LABOR LAW. IN NO EVENT SHALL THE TAXPAY-
55 ER BE ALLOWED A CREDIT GREATER THAN THE AMOUNT OF THE CREDIT LISTED ON
56 THE CERTIFICATE OF ELIGIBILITY. NOTWITHSTANDING ANY PROVISION OF THIS

CHAPTER TO THE CONTRARY, THE COMMISSIONER AND THE COMMISSIONER'S DESIGNEES MAY RELEASE THE NAMES AND ADDRESSES OF ANY TAXPAYER CLAIMING THIS CREDIT AND THE AMOUNT OF THE CREDIT EARNED BY THE TAXPAYER. PROVIDED, HOWEVER, IF A TAXPAYER CLAIMS THIS CREDIT BECAUSE IT IS A MEMBER OF A LIMITED LIABILITY COMPANY OR A PARTNER IN A PARTNERSHIP, ONLY THE AMOUNT OF CREDIT EARNED BY THE ENTITY AND NOT THE AMOUNT OF CREDIT CLAIMED BY THE TAXPAYER MAY BE RELEASED.

S 3. Subsections (yy) and (zz) of section 606 of the tax law, as relettered by section 5 of part H of chapter 1 of the laws of 2003, are relettered subsections (yyy) and (zzz) and a new subsection (xx) is added to read as follows:

(XX) WORKERS WITH DISABILITIES TAX CREDIT. (1) THE AMOUNT OF THE CREDIT SHALL BE FIFTEEN PERCENT OF THE QUALIFIED WAGES PAID TO THE QUALIFIED EMPLOYEE AFTER JANUARY FIRST, TWO THOUSAND FIFTEEN; PROVIDED, HOWEVER, THAT THE QUALIFIED EMPLOYEE IS EMPLOYED FOR NOT LESS THAN SIX MONTHS AND IS FULL TIME TOTALING AT LEAST THIRTY HOURS PER WEEK. A QUALIFIED PART TIME EMPLOYEE WHO WORKS AT LEAST FIFTEEN HOURS PER WEEK AND IS EMPLOYED FOR NOT LESS THAN SIX MONTHS SHALL RECEIVE A CREDIT OF TEN PERCENT OF THE QUALIFIED WAGES PAID TO THE QUALIFIED EMPLOYEE AFTER JANUARY FIRST, TWO THOUSAND FIFTEEN. THE CREDIT ALLOWED PURSUANT TO THIS SUBSECTION SHALL NOT EXCEED, DURING ANY TAXABLE YEAR, FIVE THOUSAND DOLLARS FOR ANY QUALIFIED FULL TIME EMPLOYEE AND TWO THOUSAND FIVE HUNDRED DOLLARS FOR ANY QUALIFIED PART TIME EMPLOYEE. "QUALIFIED WAGES" MEANS WAGES PAID OR INCURRED BY THE QUALIFIED TAXPAYER DURING THE TAXABLE YEAR TO A QUALIFIED EMPLOYEE WHICH ARE ATTRIBUTABLE, WITH RESPECT TO SUCH EMPLOYEE, TO SERVICES RENDERED BY THE QUALIFIED EMPLOYEE.

(2) IF THE AMOUNT OF CREDIT ALLOWABLE UNDER THIS SUBSECTION FOR ANY TAXABLE YEAR SHALL EXCEED THE TAXPAYER'S TAX FOR SUCH YEAR, ANY AMOUNT OF CREDIT NOT DEDUCTIBLE IN SUCH TAXABLE YEAR MAY BE CARRIED OVER TO THE FOLLOWING THREE YEARS, AND MAY BE DEDUCTED FOR THE QUALIFIED TAXPAYER'S TAX FOR SUCH YEARS.

(3) THE TAXPAYER MAY BE REQUIRED TO ATTACH TO ITS TAX RETURN ITS CERTIFICATE OF ELIGIBILITY ISSUED BY THE COMMISSIONER OF LABOR PURSUANT TO SECTION TWENTY-FIVE-B OF THE LABOR LAW. IN NO EVENT SHALL THE TAXPAYER BE ALLOWED A CREDIT GREATER THAN THE AMOUNT OF THE CREDIT LISTED ON THE CERTIFICATE OF ELIGIBILITY. NOTWITHSTANDING ANY PROVISION OF THIS CHAPTER TO THE CONTRARY, THE COMMISSIONER AND THE COMMISSIONER'S DESIGNEES MAY RELEASE THE NAMES AND ADDRESSES OF ANY TAXPAYER CLAIMING THIS CREDIT AND THE AMOUNT OF THE CREDIT EARNED BY THE TAXPAYER. PROVIDED, HOWEVER, IF A TAXPAYER CLAIMS THIS CREDIT BECAUSE IT IS A MEMBER OF A LIMITED LIABILITY COMPANY, A PARTNER IN A PARTNERSHIP, OR A SHAREHOLDER IN A SUBCHAPTER S CORPORATION, ONLY THE AMOUNT OF CREDIT EARNED BY THE ENTITY AND NOT THE AMOUNT OF CREDIT CLAIMED BY THE TAXPAYER MAY BE RELEASED.

S 4. Subparagraph (B) of paragraph 1 of subsection (i) of section 606 of the tax law is amended by adding a new clause (xxxvii) to read as follows:

(XXXVII) WORKERS WITH DISABILITIES	AMOUNT OF
TAX CREDIT UNDER SUBSECTION (XX)	CREDIT UNDER SUBDIVISION
	FORTY-EIGHT OF SECTION TWO
	HUNDRED TEN

S 5. This act shall take effect July 30, 2014.

1 Section 1. Section 1604 of the tax law is amended by adding four new
2 subdivisions d, e, f and g to read as follows:

3 D. THE COMMISSION MAY CONTRACT WITH ONE OR MORE PERSONS TO ALLOW THE
4 PLACEMENT OF ADVERTISING OR PROMOTIONAL MATERIAL ON AVAILABLE MEDIA
5 RELATED TO ANY ONLINE LOTTERY GAME OR TO SPONSOR INDIVIDUAL DRAWS IN ANY
6 ONLINE LOTTERY GAME. IF THE COMMISSION ENTERS INTO A CONTRACT UNDER THIS
7 SUBDIVISION, THE COMMISSION SHALL ALLOW AT LEAST ONE MINUTE BETWEEN
8 DRAWS OF ONLINE LOTTERY GAMES DURING WHICH ONE OR MORE ADVERTISEMENTS
9 MAY BE EXHIBITED.

10 E. A CONTRACT ENTERED INTO UNDER SUBDIVISION D OF THIS SECTION SHALL
11 PROVIDE THAT ANY ADVERTISEMENTS EXHIBITED BETWEEN DRAWS OF ONLINE
12 LOTTERY GAMES SHALL COMPLY WITH CONTENT REGULATIONS FOR TELEVISED BROAD-
13 CAST ADOPTED BY THE FEDERAL COMMUNICATIONS COMMISSION, WITH THE EXCEP-
14 TION THAT THE ADVERTISING UNDER SUBDIVISION D OF THIS SECTION MAY
15 INCLUDE ADVERTISEMENTS FOR ALCOHOLIC BEVERAGES WITH RESTRICTIONS IMPOSED
16 ONLY BY THE COMMISSION.

17 F. THE COMMISSION SHALL SOLICIT BIDS FROM RESPONSIBLE PERSONS FOR
18 ADVERTISING OR PROMOTIONAL CONTRACTS UNDER SUBDIVISION D OF THIS
19 SECTION. THE COMMISSION SHALL SELECT FROM AMONG THE BIDS RECEIVED SO AS
20 TO PRODUCE THE MAXIMUM AMOUNT OF NET REVENUE FOR THE STATE CONSISTENT
21 WITH THE GENERAL WELFARE OF THE CITIZENS OF THE STATE. IN DECIDING
22 WHETHER TO ENTER INTO A CONTRACT UNDER SUBDIVISION D OF THIS SECTION,
23 THE COMMISSION SHALL CONSIDER WHETHER THE TERMS OF THE CONTRACT ARE
24 COMPARABLE TO THE TERMS OF SIMILAR ADVERTISING OR PROMOTIONAL CONTRACTS
25 RELATING TO LOTTERY OR OTHER GAMING IN OTHER STATES.

26 G. THE COMMISSION, SUBJECT TO APPLICABLE LAWS RELATING TO PUBLIC
27 CONTRACTS, MAY ENTER INTO CONTRACTS WITH ONE OR MORE PERSONS TO ALLOW
28 THE PLACEMENT OF ADVERTISING OR PROMOTIONAL MATERIAL, INCLUDING BUT NOT
29 LIMITED TO, THE PLACEMENT OF DISCOUNT COUPONS FOR RETAIL GOODS, ON
30 LOTTERY TICKETS, SHARES, AND OTHER AVAILABLE MEDIA UNDER THE CONTROL OF
31 THE DIVISION. HOWEVER, EXCEPT FOR ADVERTISING THAT PROMOTES RESPONSIBLE
32 CONSUMPTION OF ALCOHOLIC BEVERAGES, THE COMMISSION SHALL NOT ALLOW THE
33 PLACEMENT OF ADVERTISING FOR THE PROMOTION OF THE CONSUMPTION OF ALCO-
34 HOLIC BEVERAGES OR TOBACCO PRODUCTS ON LOTTERY TICKETS UNDER THE CONTROL
35 OF THE COMMISSION.

36 S 2. This act shall take effect immediately.

37 PART MMM

38 Section 1. For the purposes of this act, the term "equipment" shall
39 mean a machine or system, and any part or subassembly thereof.

40 S 2. Equipment shall be considered to be "directly and predominantly"
41 used, as such term is used in clause (i) of paragraph 1 of subdivision
42 (z) of section 1115 of the tax law, as repealed by section 30, part S-1
43 of chapter 57 of the laws of 2009 and last amended by section 17 of part
44 CC of chapter 85 of the laws of 2002, for the purposes of any department
45 of taxation and finance audit or enforcement proceeding, or any other
46 administrative matter or proceeding of such department, involving the
47 interpretation, enforcement, or administration of such provision of the
48 tax law, when such equipment was received, inventoried or organized, and
49 then prepared for distribution at an empire zone location by the quali-
50 fied empire zone enterprise operating at such location, provided that
51 such equipment, upon distribution, is stocked, repaired, cleaned or
52 otherwise handled for the purpose of maintenance or upkeep by employees
53 of such qualified empire zone enterprise whose duties related to such

1 service work originate from, and terminate at, the same empire zone
2 location.

3 S 3. Notwithstanding sections 2006, 2012, 2014, 2016 and 2018 of the
4 tax law, part 3000 of the tax appeals tribunal rules of practice and
5 procedure, or any determination of the division of tax appeals, the
6 division of tax appeals shall accept a petition from any person or enti-
7 ty that contests a determination or decision of the division of tax
8 appeals related to the interpretation of the term "directly and predomi-
9 nantly", as such term is used in the section of the tax law referenced
10 in section two of this act, provided that such original determination or
11 decision of the division of tax appeals was contrary to definition of
12 such term as established by section two of this act. The division of tax
13 appeals shall process and review, provide for a hearing of, and render a
14 determination and decision in response to any such petition in accord-
15 ance with the process set forth in part 3000 of the tax appeals tribunal
16 rules of practice and procedure. Any determination or decision issued by
17 the division of tax appeals pursuant to this act shall supersede any
18 inconsistent determination or decision, be deemed conclusive upon all
19 parties and shall not be subject to review by any other unit in the
20 division of tax appeals, by the tax appeals tribunal or by any court of
21 the state.

22 S 4. This act shall take effect immediately, shall be deemed to have
23 been in full force and effect on and after March 1, 2001, and shall
24 apply to any audit or enforcement proceeding of the department of taxa-
25 tion and finance, or any other administrative matter or proceeding of
26 such department, commencing on or after March 1, 2001.

27 PART NNN

28 Section 1. The environmental conservation law is amended by adding a
29 new section 3-0308 to read as follows:

30 S 3-0308. GREEN ROOF PROGRAM, INSPECTION AND CERTIFICATION.

31 1. THE COMMISSIONER SHALL DEVELOP STANDARDS FOR THE CONSTRUCTION,
32 INSTALLATION AND CERTIFICATION OF GREEN ROOFS THAT CAN BE ELIGIBLE FOR
33 THE GREEN ROOF INSTALLATION PERSONAL INCOME TAX CREDIT PURSUANT TO
34 SUBSECTION (U) OF SECTION SIX HUNDRED SIX OF THE TAX LAW. SUCH STAND-
35 ARDS SHALL INCLUDE CRITERIA FOR INSPECTION AND CERTIFICATION OF GREEN
36 ROOF PLANS PRIOR TO INSTALLATION AND INSPECTION AFTER SUCH INSTALLATION.
37 SUCH PRE-INSTALLATION CRITERIA FOR CERTIFICATION MAY INCLUDE, BUT NOT BE
38 LIMITED TO: PLANT GROWTH RATE AND DROUGHT TOLERANCE, APPROPRIATE ROOT
39 SYSTEMS FOR SUCH GREEN ROOFS, APPROPRIATE PLANT IRRIGATION, NUTRITIONAL
40 AND MAINTENANCE REQUIREMENTS, POTENTIAL GENERATION OF ALLERGENS AND THE
41 POSSIBLE NEED FOR REMEDIAL INDOOR AIR FILTRATION TO THE SUBJECT AND
42 ADJACENT BUILDINGS. INSPECTION AND CERTIFICATION AFTER INSTALLATION MAY
43 INCLUDE, IN ADDITION TO PRE-INSTALLATION CRITERIA, THE TESTING OF RUNOFF
44 WATER FOR ENVIRONMENTALLY UNACCEPTABLE LEVELS OF POLLUTANTS.

45 2. THE COMMISSIONER MAY DELEGATE TO MUNICIPAL BUILDING INSPECTORS THE
46 DUTIES TO REVIEW AND APPROVE PLANS AND ISSUE THE CERTIFICATION REQUIRED
47 IN SUBDIVISION ONE OF THIS SECTION.

48 3. FOR PURPOSES OF THIS SECTION:

49 A. "GREEN ROOF" MEANS ROOFING ON AN ELIGIBLE BUILDING THAT COVERS AT
50 LEAST FIFTY PERCENT OF SUCH BUILDING'S ELIGIBLE ROOFTOP SPACE AND
51 INCLUDES (1) A WEATHERPROOF AND WATERPROOF ROOFING MEMBRANE LAYER, (2) A
52 ROOT BARRIER LAYER, (3) IF APPROPRIATE, AN INSULATION LAYER THAT
53 COMPLIES WITH THE STATE ENERGY CONSERVATION CONSTRUCTION CODE, (4) A
54 DRAINAGE LAYER THAT COMPLIES WITH THE STATE UNIFORM FIRE PREVENTION AND

BUILDING CODE AND IS DESIGNED SO THE DRAINS CAN BE INSPECTED AND CLEANED, (5) A GROWTH MEDIUM, INCLUDING NATURAL OR SIMULATED SOIL, WITH A DEPTH OF AT LEAST TWO INCHES, (6) IF THE DEPTH OF THE GROWTH MEDIUM IS LESS THAN THREE INCHES, AN INDEPENDENT WATER HOLDING LAYER THAT IS DESIGNED TO PREVENT THE RAPID DRYING OUT OF SUCH MEDIUM MAY BE REQUIRED, UNLESS THE GREEN ROOF CONTAINS A SUFFICIENT PERCENTAGE OF DROUGHT RESISTANT PLANTS TO SURVIVE, AND (7) A VEGETATION LAYER COVERED BY LIVE PLANTS SUCH AS (I) SEDUM OR EQUALLY DROUGHT RESISTANT AND HARDY PLANT SPECIES, (II) NATIVE PLANT SPECIES, AND/OR (III) AGRICULTURAL PLANT SPECIES.

B. "ELIGIBLE BUILDING" MEANS A RESIDENTIAL BUILDING OR MIXED-USE BUILDING WITH RESIDENTIAL UNITS.

C. "ELIGIBLE ROOFTOP SPACE" MEANS THE TOTAL SPACE AVAILABLE ON AN ELIGIBLE BUILDING TO SUPPORT A GREEN ROOF.

S 2. Section 606 of the tax law is amended by adding a new subsection (u) to read as follows:

(U) GREEN ROOF INSTALLATION CREDIT. (1) GENERAL. AN INDIVIDUAL TAXPAYER SHALL BE ALLOWED A CREDIT FOR TAXABLE YEARS BEGINNING ON OR AFTER JANUARY FIRST, TWO THOUSAND SIXTEEN AGAINST THE TAX IMPOSED BY THIS ARTICLE FOR THE INSTALLATION OF A QUALIFIED GREEN ROOF AS CERTIFIED PURSUANT TO SECTION 3-0308 OF THE ENVIRONMENTAL CONSERVATION LAW. THE AMOUNT OF THE CREDIT SHALL BE FIFTY-FIVE PERCENT OF QUALIFIED GREEN ROOF INSTALLATION EXPENDITURES, BUT SHALL NOT EXCEED THE MAXIMUM CREDIT OF FIVE THOUSAND DOLLARS.

(2) QUALIFIED GREEN ROOF INSTALLATION EXPENDITURES. (A) THE TERM "QUALIFIED GREEN ROOF INSTALLATION EXPENDITURES" MEANS EXPENDITURES FOR THE PURCHASE, CONSTRUCTION AND INSTALLATION OF A CERTIFIED GREEN ROOF, AS PROVIDED IN SECTION 3-0308 OF THE ENVIRONMENTAL CONSERVATION LAW, WHICH IS INSTALLED IN CONNECTION WITH RESIDENTIAL PROPERTY OR MIXED-USE PROPERTY, WHICH IS (I) LOCATED IN THIS STATE; (II) WHICH IS OWNED BY THE TAXPAYER; AND (III) WHICH IS USED BY THE TAXPAYER AS HIS OR HER PRINCIPAL RESIDENCE.

(B) SUCH QUALIFIED EXPENDITURES SHALL INCLUDE EXPENDITURES FOR PLANT MATERIAL, NATURAL OR SIMULATED SOIL IRRIGATION AND DRAINAGE SYSTEMS, ESTABLISHMENT OF ROOT SYSTEMS AND THE LABOR COSTS PROPERLY ALLOCABLE TO ON-SITE PREPARATION, ASSEMBLY AND ORIGINAL INSTALLATION, ARCHITECTURAL AND ENGINEERING SERVICES, PRE-INSTALLATION CRITERIA FOR INSTALLATION AND DESIGNS AND PLANS DIRECTLY RELATED TO THE CONSTRUCTION OR INSTALLATION OF THE QUALIFIED GREEN ROOF.

(C) SUCH QUALIFIED EXPENDITURES SHALL NOT INCLUDE INTEREST OR OTHER FINANCE CHARGES.

(3) GREEN ROOF PRE-INSTALLATION CRITERIA. THE TERM "GREEN ROOF PRE-INSTALLATION CRITERIA" MAY INCLUDE, BUT NOT BE LIMITED TO, CRITERIA SUCH AS GROWTH RATE AND DROUGHT TOLERANCE OF SELECTED PLANTS, APPROPRIATE PLANT IRRIGATION, NUTRITIONAL AND MAINTENANCE REQUIREMENTS, GENERATION OF ALLERGENS AND THE POSSIBLE NEED FOR REMEDIAL AIR FILTRATION TO THE SUBJECT AND ADJACENT BUILDINGS AS PRESCRIBED IN ACCORDANCE WITH SECTION 3-0308 OF THE ENVIRONMENTAL CONSERVATION LAW.

(4) CONDOMINIUM/COOPERATIVE HOUSING. WHERE A QUALIFIED GREEN ROOF IS INSTALLED BY A CONDOMINIUM MANAGEMENT ASSOCIATION OR A COOPERATIVE HOUSING CORPORATION, A TAXPAYER WHO IS A MEMBER OF SUCH ASSOCIATION OR IS A TENANT-STOCKHOLDER MAY FOR THE PURPOSE OF THIS SUBSECTION CLAIM A PROPORTIONATE SHARE OF THE TOTAL EXPENSES AS EXPENDITURE FOR THE PURPOSES OF THE CREDIT ATTRIBUTABLE TO HIS OR HER PRINCIPAL RESIDENCE.

(5) MULTIPLE TAXPAYERS. WHERE A QUALIFIED GREEN ROOF IS PURCHASED AND INSTALLED IN A PRINCIPAL RESIDENCE SHARED BY TWO OR MORE TAXPAYERS, THE

1 AMOUNT OF THE CREDIT ALLOWABLE UNDER THIS SUBSECTION FOR EACH SUCH
2 TAXPAYER SHALL BE PRORATED ACCORDING TO THE PERCENTAGE OF THE TOTAL
3 EXPENDITURE FOR SUCH ROOF CONTRIBUTED BY EACH TAXPAYER.

4 (6) GRANTS. FOR PURPOSES OF DETERMINING THE AMOUNT OF THE EXPENDITURE
5 INCURRED IN PURCHASING AND INSTALLING THE GREEN ROOF, THE AMOUNT OF ANY
6 FEDERAL, STATE OR LOCAL GRANT RECEIVED BY THE TAXPAYER, WHICH WAS USED
7 FOR THE PURCHASE AND/OR INSTALLATION OF SUCH ROOF AND WHICH WAS NOT
8 INCLUDED IN THE FEDERAL GROSS INCOME OF THE TAXPAYER, SHALL NOT BE
9 INCLUDED IN THE AMOUNT OF SUCH EXPENDITURES.

10 (7) WHEN CREDIT ALLOWED. THE CREDIT PROVIDED FOR IN THIS SUBSECTION
11 SHALL BE ALLOWED WITH RESPECT TO THE TAXABLE YEAR, COMMENCING AFTER
12 JANUARY FIRST, TWO THOUSAND SIXTEEN, IN WHICH THE GREEN ROOF IS
13 INSTALLED.

14 (8) CARRYOVER OF CREDIT. IF THE AMOUNT OF THE CREDIT, AND CARRYOVERS
15 OF SUCH CREDIT, ALLOWABLE UNDER THIS SUBSECTION FOR ANY TAXABLE YEAR
16 SHALL EXCEED THE TAXPAYER'S TAX FOR SUCH YEAR, SUCH EXCESS AMOUNT MAY BE
17 CARRIED OVER TO THE FIVE TAXABLE YEARS NEXT FOLLOWING THE TAXABLE YEAR
18 WITH RESPECT TO WHICH THE CREDIT IS ALLOWED AND MAY BE DEDUCTED FROM THE
19 TAXPAYER'S TAX FOR SUCH YEAR OR YEARS.

20 S 3. This act shall take effect immediately provided that section one
21 of this act shall take effect on the one hundred eightieth day after it
22 shall have become a law and that section two of this act shall apply to
23 taxable years commencing on or after January 1, 2016; provided, however,
24 that effective immediately, the addition, amendment and/or repeal of any
25 rule or regulation necessary for the implementation of this act on its
26 effective date is authorized and directed to be made and completed on or
27 before such effective date.

28 PART 000

29 Section 1. The tax law is amended by adding a new section 608 to read
30 as follows:

31 S 608. STUDY AND STAY PROGRAM. (A) FOR THE PURPOSES OF THIS SECTION:

32 (1) "ELIGIBLE TAXPAYER" MEANS A RESIDENT TAXPAYER WHO RECEIVED A BACH-
33 ELOR'S DEGREE AWARDED BY AN INSTITUTION OF HIGHER EDUCATION IN THIS
34 STATE AFTER JANUARY FIRST, TWO THOUSAND FIFTEEN, WHO DOES NOT HAVE NOR
35 EVER HAD AN OWNERSHIP INTEREST IN THE RESIDENTIAL REAL PROPERTY IN WHICH
36 HE OR SHE RESIDED. FURTHERMORE, AN ELIGIBLE TAXPAYER SHALL NOT HAVE AN
37 OWNERSHIP IN ANY OTHER RESIDENTIAL REAL PROPERTY, INCLUDING VACATION
38 HOMES OR RESIDENTIAL RENTAL PROPERTY.

39 (2) "OWNERSHIP INTEREST" MEANS AND INCLUDES A FEE SIMPLE INTEREST, A
40 JOINT TENANCY, A TENANCY IN COMMON, A TENANCY BY THE ENTIRETY, THE
41 INTEREST OF A TENANT-SHAREHOLDER IN A RESIDENTIAL COOPERATIVE, A LIFE
42 ESTATE AND A LAND CONTRACT. SUCH TERM SHALL NOT INCLUDE:

43 (A) REMAINDER INTERESTS;

44 (B) A LEASE WITH OR WITHOUT AN OPTION TO PURCHASE;

45 (C) A MERE EXPECTANCY TO INHERIT AN INTEREST IN RESIDENTIAL REAL PROP-
46 ERTY;

47 (D) THE INTEREST THAT A PURCHASER OF RESIDENTIAL REAL PROPERTY
48 ACQUIRES UPON THE EXECUTION OF A PURCHASE CONTRACT; OR

49 (E) AN INTEREST IN REAL ESTATE OTHER THAN RESIDENTIAL REAL PROPERTY.

50 (B) THERE SHALL BE ESTABLISHED BY THE DEPARTMENT A STUDY AND STAY
51 PROGRAM WHEREBY ELIGIBLE TAXPAYERS MAY DESIGNATE, FOR A PERIOD OF NOT
52 MORE THAN THE TEN TAX YEARS FOLLOWING SUCH TAXPAYER'S RECEIPT OF HIS OR
53 HER BACHELOR'S DEGREE, NOT MORE THAN FIVE THOUSAND DOLLARS OF HIS OR HER
54 PAYMENT OF THE TAXES IMPOSED PURSUANT TO THIS ARTICLE FOR A TAX YEAR FOR

DEPOSIT INTO AN ACCOUNT DESIGNATED FOR SUCH TAXPAYER WITHIN THE STUDY AND STAY PROGRAM FUND ESTABLISHED BY SECTION EIGHTY-FIVE OF THE STATE FINANCE LAW. THE MONEYS SO DEPOSITED INTO AN ELIGIBLE TAXPAYER'S ACCOUNT SHALL ONLY BE WITHDRAWN THEREFROM AND EXPENDED BY SUCH TAXPAYER FOR THE PAYMENT OF THE DOWN PAYMENT FOR HIS OR HER FIRST PURCHASE OF OWNER-OCCUPIED RESIDENTIAL REAL PROPERTY.

(C) THE DESIGNATION OF ALL OR ANY PORTION OF AN ELIGIBLE TAXPAYER'S TAX PAYMENT DURING ANY TAX YEAR, SHALL NOT BE DEEMED TO INCREASE SUCH TAXPAYER'S LIABILITY FOR TAXES PURSUANT TO THIS ARTICLE. THE COMMISSIONER SHALL INCLUDE A SPACE ON THE PERSONAL INCOME TAX RETURNS TO ENABLE ELIGIBLE TAXPAYERS TO DESIGNATE MONEYS FOR DEPOSIT INTO THE STUDY AND STAY PROGRAM FUND.

(D) EACH TAX YEAR, THE COMMISSIONER SHALL TRANSFER, TO THE STATE COMPTROLLER, FOR DEPOSIT INTO THE APPROPRIATE ACCOUNTS WITHIN THE STUDY AND STAY PROGRAM FUND, ALL MONEYS DESIGNATED BY ELIGIBLE TAXPAYERS PURSUANT TO THIS SECTION; PROVIDED, HOWEVER, THAT IN NO EVENT SHALL MORE THAN TEN MILLION DOLLARS, IN THE AGGREGATE, BE SO DESIGNATED DURING ANY TAX YEAR.

(E) DURING THE FIRST YEAR THAT AN ELIGIBLE TAXPAYER DESIGNATES MONEYS FOR DEPOSIT INTO THE STUDY AND STAY PROGRAM FUND, SUCH TAXPAYER SHALL SUBMIT, TO THE DEPARTMENT, SUCH PROOF OF RECEIPT AND THE DATE OF RECEIPT OF A BACHELOR'S DEGREE FROM AN INSTITUTION OF HIGHER EDUCATION LOCATED IN THIS STATE, AS THE COMMISSIONER SHALL DESIGNATE.

S 2. The state finance law is amended by adding a new section 85 to read as follows:

S 85. STUDY AND STAY PROGRAM FUND. 1. THERE IS HEREBY ESTABLISHED IN THE JOINT CUSTODY OF THE STATE COMPTROLLER AND THE COMMISSIONER OF TAXATION AND FINANCE A SPECIAL FUND TO BE KNOWN AS THE "STUDY AND STAY PROGRAM FUND".

2. THE COMPTROLLER SHALL ESTABLISH A SEPARATE AND DISTINCT ACCOUNT, WITHIN THE STUDY AND STAY PROGRAM FUND, FOR EACH ELIGIBLE TAXPAYER WHO DESIGNATES MONEYS FOR DEPOSIT INTO THE FUND PURSUANT TO SECTION SIX HUNDRED EIGHT OF THE TAX LAW.

3. THE FUND SHALL CONSIST OF ALL MONEYS DEPOSITED THEREIN PURSUANT TO SECTION SIX HUNDRED EIGHT OF THE TAX LAW.

4. MONEYS IN EACH ACCOUNT OF THE STUDY AND STAY FUND SHALL BE KEPT SEPARATE AND SHALL NOT BE COMMINGLED WITH OTHER MONEYS IN THE CUSTODY OF THE STATE COMPTROLLER.

5. THE MONEYS IN THE ACCOUNT OF AN ELIGIBLE TAXPAYER SHALL BE MADE AVAILABLE, WITHIN TEN DAYS OF SUBMISSION OF AN APPLICATION THEREFOR, TO SUCH TAXPAYER SOLELY FOR THE PURPOSE OF THE PAYMENT OF THE DOWN PAYMENT FOR HIS OR HER FIRST PURCHASE OF RESIDENTIAL REAL PROPERTY OCCUPIED BY SUCH TAXPAYER AS HIS OR HER PRIMARY RESIDENCE, INCLUDING A MULTIPLE DWELLING HAVING NOT MORE THAN TWO HOUSING UNITS. NO SUCH MONEYS SHALL BE EXPENDED IN AN AMOUNT IN EXCESS OF SUCH DOWN PAYMENT, NOR SHALL SUCH MONEYS BE EXPENDED FOR REAL PROPERTY USED IN A BUSINESS OR TRADE, USED AS A VACATION RESIDENCE OR USED AS AN INVESTMENT, EXCEPT A MULTIPLE DWELLING HAVING NOT MORE THAN TWO HOUSING UNITS IN ONE OF WHICH THE ELIGIBLE TAXPAYER HAS HIS OR HER PRIMARY RESIDENCE.

6. EACH ELIGIBLE TAXPAYER SHALL, WITHIN SIXTY DAYS OF RECEIPT OF MONEYS IN HIS OR HER ACCOUNT PURSUANT TO SUBDIVISION FIVE OF THIS SECTION, SUBMIT A SWORN STATEMENT TO THE STATE COMPTROLLER AND THE COMMISSIONER OF TAXATION AND FINANCE, IN SUCH FORM AND CONTENT AS SHALL BE DETERMINED BY THE COMMISSIONER OF TAXATION AND FINANCE, CERTIFYING THAT SUCH MONEYS EXPENDED AS REQUIRED PURSUANT TO SUCH SUBDIVISION AND RETURNING TO THE STATE COMPTROLLER ALL MONEYS NOT SO EXPENDED. ALL MONEYS NOT SO EXPENDED AND REPAID TO THE STATE COMPTROLLER SHALL CONSTI-

TUTE TAX MONEYS PAYABLE TO THE DEPARTMENT OF TAXATION AND FINANCE,
PURSUANT TO ARTICLE TWENTY-TWO OF THE TAX LAW.

7. THE FOLLOWING MONEYS IN AN ELIGIBLE TAXPAYER'S ACCOUNT SHALL BE
TRANSFERRED TO AND DEPOSITED INTO THE GENERAL FUND:

(A) ANY MONEYS REMAINING IN THE ACCOUNT AFTER DISBURSEMENT TO THE
ELIGIBLE TAXPAYER PURSUANT TO SUBDIVISION FIVE OF THIS SECTION;

(B) ANY MONEYS REMAINING IN THE ACCOUNT OF THE ELIGIBLE TAXPAYER IN
THE ELEVENTH TAX YEAR AFTER SUCH TAXPAYER RECEIVED HIS OR HER BACHELOR'S
DEGREE; AND

(C) ANY MONEYS REMAINING IN THE ACCOUNT OF THE ELIGIBLE TAXPAYER WHEN
HE OR SHE CEASES TO BE A RESIDENT OF THE STATE.

8. (A) AN ELIGIBLE TAXPAYER WHO MAKES A DOWN PAYMENT FOR THE PURCHASE
OF HIS OR HER PRIMARY RESIDENCE WITH MONEYS FROM HIS OR HER ACCOUNT
WITHIN THE STUDY AND STAY PROGRAM FUND, SHALL BE LIABLE TO THE STATE FOR
A PENALTY IN THE FOLLOWING AMOUNTS WHEN SUCH TAXPAYER CEASES TO BE A
RESIDENT OF THIS STATE WITHIN THE FOLLOWING PERIODS OF TIME AFTER
RECEIPT OF MONEYS FROM HIS OR HER ACCOUNT:

- | | |
|---------------------------|--|
| (I) ONE YEAR | ALL MONEYS RECEIVED FROM THE ACCOUNT; |
| (II) TWO YEARS | EIGHTY PERCENT OF THE MONEYS RECEIVED
FROM THE ACCOUNT; |
| (III) THREE YEARS | SIXTY PERCENT OF THE MONEYS RECEIVED
FROM THE ACCOUNT; |
| (IV) FOUR YEARS | FORTY PERCENT OF THE MONEYS RECEIVED
FROM THE ACCOUNT; |
| (V) FIVE YEARS | TWENTY PERCENT OF THE MONEYS RECEIVED
FROM THE ACCOUNT; AND |
| (VI) MORE THAN FIVE YEARS | NO PENALTY. |

(B) PENALTIES IMPOSED PURSUANT TO THIS SUBDIVISION SHALL CONSTITUTE
PERSONAL INCOME TAX PAYABLE PURSUANT TO ARTICLE TWENTY-TWO OF THE TAX
LAW.

(C) THE PENALTIES IMPOSED BY PARAGRAPH (A) OF THIS SUBDIVISION MAY BE
WAIVED, IN THE DISCRETION OF THE COMMISSIONER OF TAXATION AND FINANCE,
UPON DEMONSTRATION THAT THE ELIGIBLE TAXPAYER CEASED RESIDENCY IN THE
STATE DUE TO:

(I) AN EMPLOYMENT RELOCATION OUTSIDE OF THE STATE WHICH REQUIRED RESI-
DENCY IN ANOTHER STATE; OR

(II) THE SEVERE FINANCIAL HARDSHIP OF THE ELIGIBLE TAXPAYER OR HIS OR
HER DEPENDENT.

S 3. This act shall take effect immediately.

PART PPP

Section 1. The tax law is amended by adding a new section 629-a to
read as follows:

S 629-A. GIFT FOR ELIMINATING THE STIGMA RELATING TO MENTAL ILLNESS.
EFFECTIVE FOR ANY TAX YEAR COMMENCING ON OR AFTER JANUARY FIRST, TWO
THOUSAND FOURTEEN, AN INDIVIDUAL IN ANY TAXABLE YEAR MAY ELECT TO
CONTRIBUTE TO THE MENTAL ILLNESS ANTI-STIGMA FUND. SUCH CONTRIBUTION
SHALL BE IN ANY WHOLE DOLLAR AMOUNT AND SHALL NOT REDUCE THE AMOUNT OF
STATE TAX OWED BY SUCH INDIVIDUAL. THE COMMISSIONER SHALL INCLUDE SPACE
ON THE PERSONAL INCOME TAX RETURN TO ENABLE A TAXPAYER TO MAKE SUCH
CONTRIBUTION. NOTWITHSTANDING ANY OTHER PROVISION OF LAW, ALL REVENUE
COLLECTED PURSUANT TO THIS SECTION SHALL BE CREDITED TO THE MENTAL
ILLNESS ANTI-STIGMA FUND AND USED ONLY FOR THOSE PURPOSES ENUMERATED IN
SECTION NINETY-FIVE-H OF THE STATE FINANCE LAW.

1 S 2. The state finance law is amended by adding a new section 95-h to
2 read as follows:

3 S 95-H. MENTAL ILLNESS ANTI-STIGMA FUND. 1. THERE IS HEREBY ESTAB-
4 LISHED IN THE JOINT CUSTODY OF THE COMMISSIONER OF TAXATION AND FINANCE
5 AND THE STATE COMPTROLLER, A SPECIAL FUND TO BE KNOWN AS THE "MENTAL
6 ILLNESS ANTI-STIGMA FUND".

7 2. SUCH FUND SHALL CONSIST OF ALL REVENUES RECEIVED PURSUANT TO THE
8 PROVISIONS OF SECTION SIX HUNDRED TWENTY-NINE-A OF THE TAX LAW, ALL
9 REVENUES RECEIVED PURSUANT TO APPROPRIATIONS BY THE LEGISLATURE, AND ALL
10 MONEYS APPROPRIATED, CREDITED OR TRANSFERRED THERETO FROM ANY OTHER FUND
11 OR SOURCE PURSUANT TO LAW. NO MONEYS CREDITED TO SUCH FUND PURSUANT TO
12 SECTION SIX HUNDRED TWENTY-NINE-A OF THE TAX LAW SHALL BE DEEMED TO
13 AUTHORIZE THE REDUCTION OF THE AMOUNT OF MONIES OTHERWISE APPROPRIATED
14 BY THE STATE FOR THE PURPOSE OF ELIMINATING THE STIGMA ATTACHED TO
15 MENTAL ILLNESS.

16 3. THE MONIES OF THE FUND SHALL BE MADE AVAILABLE TO THE OFFICE OF
17 MENTAL HEALTH FOR THE PURPOSE OF PROVIDING GRANTS TO ORGANIZATIONS DEDI-
18 CATED TO ELIMINATING THE STIGMA ATTACHED TO MENTAL ILLNESS AND PERSONS
19 WITH MENTAL HEALTH NEEDS PURSUANT TO SECTION 7.45 OF THE MENTAL HYGIENE
20 LAW.

21 4. THE MONIES OF THE FUND SHALL BE PAID OUT ON THE AUDIT AND WARRANT
22 OF THE STATE COMPTROLLER ON VOUCHERS CERTIFIED OR APPROVED BY THE
23 COMMISSIONER OF MENTAL HEALTH, OR BY AN OFFICER OR EMPLOYEE OF THE
24 OFFICE OF MENTAL HEALTH DESIGNATED BY SUCH COMMISSIONER.

25 S 3. The mental hygiene law is amended by adding a new section 7.45 to
26 read as follows:

27 S 7.45 MENTAL ILLNESS ANTI-STIGMA GRANTS.

28 THE OFFICE SHALL DEVELOP AND IMPLEMENT A PROGRAM WHICH PROVIDES GRANTS
29 TO ORGANIZATIONS ENGAGED IN ACTIVITIES WHICH ELIMINATE THE STIGMA
30 ATTACHED TO MENTAL ILLNESS AND THOSE WITH MENTAL HEALTH NEEDS.

31 S 4. This act shall take effect immediately.

32 PART QQQ

33 Section 1. Section 89-e of the state finance law, as added by chapter
34 590 of the laws of 1999, subdivision 2 as amended and subdivision 2-a as
35 added by chapter 359 of the laws of 2002, is amended to read as follows:

36 S 89-e. Alzheimer's disease assistance fund. 1. There is hereby estab-
37 lished in the joint custody of the commissioner of taxation and finance
38 and the comptroller, a special fund to be known as the "Alzheimer's
39 disease assistance fund".

40 2. Such fund shall consist of all revenues received by the department
41 of taxation and finance, pursuant to the provisions of section six
42 hundred twenty-nine of the tax law and all other moneys appropriated,
43 credited, or transferred thereto from any other fund or source pursuant
44 to law. For each state fiscal year, there shall be appropriated to the
45 fund by the state, in addition to all other moneys required to be depos-
46 ited into such fund, an amount equal to the amounts of monies collected
47 and deposited into the fund pursuant to section six hundred twenty-nine
48 of the tax law during the preceding calendar year, as certified by the
49 comptroller. Nothing contained herein shall prevent the state from
50 receiving grants, gifts or bequests for the purposes of the fund as
51 defined in this section and depositing them into the fund according to
52 law.

53 2-a. On or before the first day of February each year, the comptroller
54 shall certify to the governor, temporary president of the senate, speak-

er of the assembly, chair of the senate finance committee [and], chair of the assembly ways and means committee, CHAIR OF THE SENATE STANDING COMMITTEE ON HEALTH, AND CHAIR OF THE ASSEMBLY COMMITTEE ON HEALTH the amount of money deposited in the Alzheimer's research fund during the preceding calendar year as the result of revenue derived pursuant to section six hundred twenty-nine of the tax law.

2-B. (A) ON OR BEFORE THE FIRST DAY OF FEBRUARY EACH YEAR, THE DEPARTMENT OF HEALTH SHALL PROVIDE AN ANNUAL REPORT TO THE GOVERNOR, TEMPORARY PRESIDENT OF THE SENATE, SPEAKER OF THE ASSEMBLY, CHAIR OF THE SENATE FINANCE COMMITTEE, CHAIR OF THE ASSEMBLY WAYS AND MEANS COMMITTEE, CHAIR OF THE SENATE STANDING COMMITTEE ON HEALTH, CHAIR OF THE ASSEMBLY COMMITTEE ON HEALTH, AND THE PUBLIC, REGARDING THE MANNER IN WHICH THE ALZHEIMER'S DISEASE ASSISTANCE FUND MONIES ARE UTILIZED.

(B) THE ANNUAL REPORT SHALL INCLUDE BUT NOT BE LIMITED TO:

(1) THE AMOUNT OF MONEY DISBURSED FROM THE FUND;

(2) A JUSTIFICATION IN THE EVENT THAT ALL FUNDS WERE NOT DISBURSED AND A REMEDIAL PLAN TO ENSURE THE TIMELY AND EFFECTIVE USE OF THE REMAINING FUNDS;

(3) THE MANNER IN WHICH THE FUNDS WERE REWARDED;

(4) THE AMOUNT AWARDED TO EACH RECIPIENT OR RECIPIENTS; AND

(5) THE PURPOSE OF THE DISBURSED FUNDS.

3. Moneys in the Alzheimer's disease assistance fund shall be kept separate and shall not be commingled with any other moneys in the custody of the commissioner of taxation and finance and the comptroller.

4. NOTWITHSTANDING ANY OTHER PROVISIONS, MONIES OF THE FUND SHALL NOT BE TRANSFERRED INTO THE GENERAL FUND FOR ANY PURPOSE AND TO THE EXTENT PRACTICABLE, THE COMMISSIONER OF HEALTH SHALL ENSURE THAT ALL MONIES RECEIVED DURING A FISCAL YEAR ARE EXPENDED PRIOR TO THE END OF THAT FISCAL YEAR.

5. The moneys in such fund shall be expended only for the purposes spelled out in paragraph (b) of subdivision six of section twenty-seven hundred one of the public health law.

[5.] 6. All payments [form] FROM such fund shall be made by the department of taxation and finance after audit and warrant of the comptroller on vouchers approved by the commissioner of health.

S 2. Section 97-yy of the state finance law, as added by chapter 279 of the laws of 1996, subdivisions 2 and 2-a as amended by chapter 385 of the laws of 2007, is amended to read as follows:

S 97-yy. Breast cancer research and education fund. 1. There is hereby established in the joint custody of the commissioner of taxation and finance and the comptroller, a special fund to be known as the "breast cancer research and education fund".

2. Such fund shall consist of all revenues received by the department of taxation and finance, pursuant to the provisions of section two hundred nine-D and section six hundred twenty-seven of the tax law, all moneys collected pursuant to section four hundred four-q of the vehicle and traffic law, as added by chapter five hundred twenty-eight of the laws of nineteen hundred ninety-nine, and all other moneys appropriated, credited, or transferred thereto from any other fund or source pursuant to law. For each state fiscal year, there shall be appropriated to the fund by the state, in addition to all other moneys required to be deposited into such fund, an amount equal to the amounts of monies collected and deposited into the fund pursuant to sections two hundred nine-D and six hundred twenty-seven of the tax law and section four hundred four-q of the vehicle and traffic law, as added by chapter five hundred twenty-eight of the laws of nineteen hundred ninety-nine, and the amounts of

1 moneys received and deposited into the fund from grants, gifts and
2 bequests during the preceding calendar year, as certified by the comp-
3 troller. Nothing contained herein shall prevent the state from receiving
4 grants, gifts or bequests for the purposes of the fund as defined in
5 this section and depositing them into the fund according to law.

6 2-a. On or before the first day of February each year, the comptroller
7 shall certify to the governor, temporary president of the senate, speak-
8 er of the assembly, chair of the senate finance committee [and], chair
9 of the assembly ways and means committee, CHAIR OF THE SENATE STANDING
10 COMMITTEE ON HEALTH, AND CHAIR OF THE ASSEMBLY COMMITTEE ON HEALTH the
11 amount of money deposited in the breast cancer research and education
12 fund during the preceding calendar year as the result of revenue derived
13 pursuant to sections two hundred nine-D and six hundred twenty-seven of
14 the tax law and section four hundred four-q of the vehicle and traffic
15 law, as added by chapter five hundred twenty-eight of the laws of nine-
16 teen hundred ninety-nine, and from grants, gifts and bequests.

17 2-B. (A) ON OR BEFORE THE FIRST DAY OF FEBRUARY EACH YEAR, THE DEPART-
18 MENT OF HEALTH SHALL PROVIDE AN ANNUAL REPORT TO THE GOVERNOR, TEMPORARY
19 PRESIDENT OF THE SENATE, SPEAKER OF THE ASSEMBLY, CHAIR OF THE SENATE
20 FINANCE COMMITTEE, CHAIR OF THE ASSEMBLY WAYS AND MEANS COMMITTEE, CHAIR
21 OF THE SENATE STANDING COMMITTEE ON HEALTH, CHAIR OF THE ASSEMBLY
22 COMMITTEE ON HEALTH, AND THE PUBLIC, REGARDING THE MANNER IN WHICH THE
23 BREAST CANCER RESEARCH AND EDUCATION FUND MONIES ARE UTILIZED.

24 (B) THE ANNUAL REPORT SHALL INCLUDE BUT NOT BE LIMITED TO:

25 (1) THE AMOUNT OF MONEY DISBURSED FROM THE FUND;

26 (2) A JUSTIFICATION IN THE EVENT THAT ALL FUNDS WERE NOT DISBURSED,
27 AND A REMEDIAL PLAN TO ENSURE THE TIMELY AND EFFECTIVE USE OF THE
28 REMAINING FUNDS;

29 (3) THE MANNER IN WHICH THE FUNDS WERE AWARDED;

30 (4) THE AMOUNT AWARDED TO EACH RECIPIENT OR RECIPIENTS; AND

31 (5) THE PURPOSE OF THE DISBURSED FUNDS.

32 3. Monies of the fund shall be expended only for breast cancer
33 research and educational projects AND MONIES FROM THIS FUND SHALL NOT BE
34 TRANSFERRED TO SUPPORT GENERAL FUND SPENDING. As used in this section,
35 "breast cancer research and education projects" means scientific
36 research or educational projects which, pursuant to section two thousand
37 four hundred eleven of the public health law, are approved by the
38 department of health, upon the recommendation of the health research
39 science board.

40 4. Monies shall be payable from the fund on the audit and warrant of
41 the comptroller on vouchers approved and certified by the commissioner
42 of health.

43 5. To the extent practicable, the commissioner of health shall ensure
44 that all monies received during a fiscal year are expended prior to the
45 end of that fiscal year.

46 S 3. Section 630 of the tax law, as added by chapter 273 of the laws
47 of 2004, is amended to read as follows:

48 S 630. Gift for prostate AND TESTICULAR cancer research[, detection]
49 and education. Effective for any tax year commencing on or after Janu-
50 ary first, two thousand four, an individual in any taxable year may
51 elect to contribute to the New York [state] STATE prostate AND TESTICU-
52 LAR cancer research[, detection] and education fund. Such contribution
53 shall be in any whole dollar amount and shall not reduce the amount of
54 state tax owed by such individual. The commissioner shall include space
55 on the personal income tax return to enable a taxpayer to make such
56 contribution. Notwithstanding any other provision of law all revenues

collected pursuant to this section shall be credited to the New York [state] STATE prostate AND TESTICULAR cancer research[, detection] and education fund and used only for those purposes enumerated in section ninety-five-e of the state finance law.

S 4. Section 209-E of the tax law, as added by chapter 273 of the laws of 2004, is amended to read as follows:

S 209-E. Gift for prostate AND TESTICULAR cancer research[, detection] and education. Effective for any tax year commencing on or after January first, two thousand four, a taxpayer in any taxable year may elect to contribute to the support of the New York [state] STATE prostate AND TESTICULAR cancer research[, detection] and education fund. Such contribution shall be in any whole dollar amount and shall not reduce the amount of the state tax owed by such taxpayer. The commissioner shall include space on the corporate income tax return to enable a taxpayer to make such contribution. Notwithstanding any other provision of law, all revenues collected pursuant to this section shall be credited to the New York [state] STATE prostate AND TESTICULAR cancer research[, detection] and education fund and shall be used only for those purposes enumerated in section ninety-five-e of the state finance law.

S 5. This act shall take effect immediately.

PART RRR

Section 1. The tax law is amended by adding a new section 41 to read as follows:

S 41. CREDIT FOR PROVISION OF EMPLOYEE FEDERAL QUALIFIED TRANSPORTATION FRINGE BENEFITS. (A) ALLOWANCE OF CREDIT. FOR THE TAXABLE YEAR COMMENCING ON JANUARY FIRST, TWO THOUSAND FOURTEEN, A TAXPAYER SUBJECT TO TAX UNDER ARTICLE NINE, NINE-A, TWENTY-TWO, THIRTY-TWO OR THIRTY-THREE OF THIS CHAPTER SHALL BE ALLOWED A CREDIT AGAINST SUCH TAX, PURSUANT TO THE PROVISIONS REFERENCED IN SUBDIVISION (D) OF THIS SECTION. THE CREDIT SHALL BE ALLOWED WHERE A TAXPAYER HAS ESTABLISHED AND IMPLEMENTED FEDERAL QUALIFIED TRANSPORTATION FRINGE BENEFITS FOR ITS EMPLOYEES DURING THE TAXABLE YEAR IN WHICH SUCH CREDIT IS CLAIMED, AND THE TAXPAYER HAS NOT PROVIDED SUCH BENEFITS TO ITS EMPLOYEES DURING ANY PRIOR TAXABLE YEAR. THE CREDIT SHALL BE EQUAL TO FIFTY DOLLARS FOR EACH EMPLOYEE OF THE TAXPAYER WHO ELECTED TO PARTICIPATE IN THE TAXPAYER'S FEDERAL QUALIFIED TRANSPORTATION FRINGE BENEFITS PROGRAM DURING THE TAXABLE YEAR IN WHICH SUCH PROGRAM IS ESTABLISHED BY THE TAXPAYER. THE AMOUNT OF THE CREDIT GRANTED TO ANY TAXPAYER PURSUANT TO THIS SECTION SHALL NOT EXCEED FIFTY THOUSAND DOLLARS.

(B) DEFINITION. AS USED IN THIS SECTION, "FEDERAL QUALIFIED TRANSPORTATION FRINGE BENEFITS" MEANS A QUALIFIED FEDERAL TRANSPORTATION FRINGE BENEFITS PROGRAM ESTABLISHED AND IMPLEMENTED BY A TAXPAYER IN ACCORDANCE WITH SECTION 132(F) OF THE INTERNAL REVENUE CODE AND THE REGULATIONS ADOPTED PURSUANT THERETO. EVERY SUCH PROGRAM SHALL BE ADMINISTERED BY A THIRD PARTY PROGRAM ADMINISTRATOR.

(C) CROSS REFERENCES. FOR APPLICATION OF THE CREDIT PROVIDED FOR IN THIS SECTION, SEE THE FOLLOWING PROVISIONS OF THIS CHAPTER:

- (1) ARTICLE 9: SECTION 187-T,
- (2) ARTICLE 9-A: SECTION 210, SUBDIVISION 48,
- (3) ARTICLE 22: SECTION 606, SUBSECTIONS (I) AND (U),
- (4) ARTICLE 32: SECTION 1456, SUBSECTION (AA),
- (5) ARTICLE 33: SECTION 1511, SUBDIVISION (DD).

(D) ALLOCATION OF CREDIT. THE AGGREGATE OF TAX CREDITS ALLOWED UNDER THIS SECTION, SECTION ONE HUNDRED EIGHTY-SEVEN-T, SUBDIVISION FORTY-EIGHT OF SECTION TWO HUNDRED TEN, CLAUSE (XXXVII) OF SUBPARAGRAPH (B) OF PARAGRAPH ONE OF SUBSECTION (I) AND SUBSECTION (U) OF SECTION SIX HUNDRED SIX, SUBSECTION (AA) OF SECTION FOURTEEN HUNDRED FIFTY-SIX AND SUBDIVISION (DD) OF SECTION FIFTEEN HUNDRED ELEVEN OF THIS CHAPTER SHALL NOT EXCEED FIVE MILLION DOLLARS.

S 2. The tax law is amended by adding a new section 187-t to read as follows:

S 187-T. CREDIT FOR PROVISION OF EMPLOYEE FEDERAL QUALIFIED TRANSPORTATION FRINGE BENEFITS. 1. ALLOWANCE OF CREDIT. A TAXPAYER SHALL BE ALLOWED A CREDIT, TO BE COMPUTED AS PROVIDED IN SECTION FORTY-ONE OF THIS CHAPTER, AGAINST THE TAXES IMPOSED BY SECTIONS ONE HUNDRED EIGHTY-THREE, ONE HUNDRED EIGHTY-FOUR AND ONE HUNDRED EIGHTY-FIVE OF THIS ARTICLE. PROVIDED, HOWEVER, THAT THE AMOUNT OF SUCH CREDIT ALLOWABLE AGAINST THE TAX IMPOSED BY SECTION ONE HUNDRED EIGHTY-FOUR OF THIS ARTICLE SHALL BE THE EXCESS OF THE AMOUNT OF SUCH CREDIT OVER THE AMOUNT OF ANY CREDIT ALLOWED BY THIS SECTION AGAINST THE TAX IMPOSED BY SECTION ONE HUNDRED EIGHTY-THREE OF THIS ARTICLE.

2. APPLICATION OF CREDIT. IN NO EVENT SHALL THE CREDIT UNDER THIS SECTION BE ALLOWED IN AN AMOUNT WHICH WILL REDUCE THE TAX PAYABLE TO LESS THAN THE APPLICABLE MINIMUM TAX FIXED BY SECTION ONE HUNDRED EIGHTY-THREE OR ONE HUNDRED EIGHTY-FIVE OF THIS ARTICLE.

S 3. Section 210 of the tax law is amended by adding a new subdivision 48 to read as follows:

48. CREDIT FOR PROVISION OF EMPLOYEE FEDERAL QUALIFIED TRANSPORTATION FRINGE BENEFITS. (A) ALLOWANCE OF CREDIT. A TAXPAYER SHALL BE ALLOWED A CREDIT, TO BE COMPUTED AS PROVIDED IN SECTION FORTY-ONE OF THIS CHAPTER, AGAINST THE TAX IMPOSED BY THIS ARTICLE.

(B) APPLICATION OF CREDIT. THE CREDIT ALLOWED UNDER THIS SUBDIVISION SHALL NOT REDUCE THE TAX DUE TO LESS THAN THE HIGHER OF THE AMOUNTS PRESCRIBED IN PARAGRAPHS (C) AND (D) OF SUBDIVISION ONE OF THIS SECTION.

S 4. Subparagraph (B) of paragraph 1 of subsection (i) of section 606 of the tax law is amended by adding a new clause (xxxvii) to read as follows:

(XXXVII) CREDIT FOR PROVISION OF EMPLOYEE FEDERAL QUALIFIED TRANSPORTATION FRINGE BENEFITS UNDER SUBSECTION (U)	AMOUNT OF CREDIT UNDER SUBDIVISION FORTY-EIGHT OF SECTION TWO HUNDRED TEN, SUBSECTION (AA) OF SECTION FOURTEEN HUNDRED FIFTY-SIX OR SUBDIVISION (DD) OF SECTION FIFTEEN HUNDRED ELEVEN
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S 5. Section 606 of the tax law is amended by adding a new subsection (u) to read as follows:

(U) CREDIT FOR PROVISION OF EMPLOYEE FEDERAL QUALIFIED TRANSPORTATION FRINGE BENEFITS. ALLOWANCE OF CREDIT. A TAXPAYER SHALL BE ALLOWED A CREDIT, TO BE COMPUTED AS PROVIDED IN SECTION FORTY-ONE OF THIS CHAPTER, AGAINST THE TAX IMPOSED BY THIS ARTICLE.

S 6. Section 1456 of the tax law is amended by adding a new subsection (aa) to read as follows:

(AA) CREDIT FOR PROVISION OF EMPLOYEE FEDERAL QUALIFIED TRANSPORTATION FRINGE BENEFITS. (1) ALLOWANCE OF CREDIT. A TAXPAYER SHALL BE ALLOWED A CREDIT, TO BE COMPUTED AS PROVIDED IN SECTION FORTY-ONE OF THIS CHAPTER, AGAINST THE TAX IMPOSED BY THIS ARTICLE.

(2) APPLICATION OF CREDIT. THE CREDIT ALLOWED UNDER THIS SUBSECTION SHALL NOT REDUCE THE TAX DUE TO LESS THAN THE MINIMUM TAX FIXED BY SUBSECTION (B) OF SECTION FOURTEEN HUNDRED FIFTY-FIVE OF THIS ARTICLE.

1 S 7. Section 1511 of the tax law is amended by adding a new subdivi-
2 sion (dd) to read as follows:

3 (DD) CREDIT FOR PROVISION OF EMPLOYEE FEDERAL QUALIFIED TRANSPORTATION
4 FRINGE BENEFITS. (1) ALLOWANCE OF CREDIT. A TAXPAYER SHALL BE ALLOWED A
5 CREDIT, TO BE COMPUTED AS PROVIDED IN SECTION FORTY-ONE OF THIS CHAPTER,
6 AGAINST THE TAXES IMPOSED BY THIS ARTICLE.

7 (2) APPLICATION OF CREDIT. THE CREDIT ALLOWED UNDER THIS SUBDIVISION
8 SHALL NOT REDUCE THE TAX DUE TO LESS THAN THE MINIMUM TAX FIXED BY PARA-
9 GRAPH FOUR OF SUBDIVISION (A) OF SECTION FIFTEEN HUNDRED TWO OF THIS
10 ARTICLE OR BY SECTION FIFTEEN HUNDRED TWO-A OF THIS ARTICLE, WHICHEVER
11 IS APPLICABLE.

12 S 8. This act shall take effect immediately.

13 PART SSS

14 Section 1. Paragraph 4 of subsection (b) of section 800 of the tax
15 law, as added by section 1 of part B of chapter 56 of the laws of 2011,
16 is amended to read as follows:

17 (4) Any eligible educational institution. An "eligible educational
18 institution" shall mean any public school district, a board of cooper-
19 ative educational services, a public elementary or secondary school, a
20 school approved pursuant to article eighty-five or eighty-nine of the
21 education law to serve students with disabilities of school age, or a
22 nonpublic elementary or secondary school that provides instruction in
23 grade one or above, ALL PUBLIC LIBRARY SYSTEMS AS DEFINED IN SUBDIVISION
24 ONE OF SECTION TWO HUNDRED SEVENTY-TWO OF THE EDUCATION LAW, AND ALL
25 PUBLIC AND FREE ASSOCIATION LIBRARIES AS SUCH TERMS ARE DEFINED IN
26 SUBDIVISION TWO OF SECTION TWO HUNDRED FIFTY-THREE OF THE EDUCATION LAW.

27 S 2. This act shall take effect immediately.

28 PART TTT

29 Section 1. Section 210 of the tax law is amended by adding a new
30 subdivision 48 to read as follows:

31 48. CREDIT FOR FARMERS WHO SELL OR RENT THEIR AGRICULTURAL LAND TO A
32 YOUNG FARMER. (A) ALLOWANCE OF CREDIT. A TAXPAYER THAT IS AN AGRICUL-
33 TURAL BUSINESS PRINCIPALLY ENGAGED IN FARMING, AS SUCH TERM IS DEFINED
34 IN PARAGRAPH NINETEEN OF SUBDIVISION (B) OF SECTION ELEVEN HUNDRED ONE
35 OF THIS CHAPTER SHALL BE ALLOWED A CREDIT AGAINST THE TAX IMPOSED BY
36 THIS ARTICLE FOR THE SALE OR RENT OF THEIR AGRICULTURAL LANDS TO A YOUNG
37 FARMER, AS DEFINED IN THIS SECTION. SUCH CREDIT SHALL BE TEN PERCENT OF
38 THE PURCHASE PRICE OR RENTAL AMOUNT OF THE AGRICULTURAL LANDS.

39 (B) FOR PURPOSES OF THIS SUBDIVISION, "YOUNG FARMER" SHALL MEAN A
40 FARMER WHO HAS NOT PRODUCED AN AGRICULTURAL PRODUCT FOR MORE THAN TEN
41 CONSECUTIVE YEARS, WHERE AGRICULTURAL PRODUCT MEANS ANY AGRICULTURAL OR
42 AQUACULTURAL PRODUCT OF THE SOIL OR WATER, INCLUDING BUT NOT LIMITED TO
43 FRUITS, VEGETABLES, EGGS, DAIRY PRODUCTS, MEAT AND MEAT PRODUCTS, POUL-
44 TRY AND POULTRY PRODUCTS, FISH AND FISH PRODUCTS, GRAIN AND GRAIN
45 PRODUCTS, HONEY, NUTS, PRESERVES, MAPLE SAP PRODUCTS, APPLE CIDER, FRUIT
46 JUICE, HORTICULTURAL SPECIALTIES, AND CHRISTMAS TREES AND WHO WILL MATE-
47 Rially AND SUBSTANTIALLY PARTICIPATE IN THE PRODUCTION OF AN AGRICUL-
48 TURAL PROJECT.

49 (C) PRIOR TO SALE, THE SELLER SHALL CONVEY TO THE DEPARTMENT OF AGRI-
50 CULTURE AND MARKETS, AN EASEMENT, THE TERMS OF WHICH LIMIT DEVELOPMENT
51 OF THE LAND TO AGRICULTURAL BUSINESS, PRINCIPALLY FARMING, AS SUCH TERM
52 IS DEFINED IN PARAGRAPH NINETEEN OF SUBDIVISION (B) OF SECTION ELEVEN

HUNDRED ONE OF THIS CHAPTER. THE EASEMENT SHALL EXPIRE NOT LESS THAN TEN YEARS FROM THE DATE OF SALE.

S 2. Subsections (yy) and (zz) of section 606 of the tax law, as relettered by section 5 of part H of chapter 1 of the laws of 2003, are relettered subsections (yyy) and (zzz) and a new subsection (xx) is added to read as follows:

(XX) CREDIT FOR THE SALE OR RENT OF AGRICULTURAL LAND TO A YOUNG FARMER. (1) ALLOWANCE OF CREDIT. A TAXPAYER WHOSE FEDERAL GROSS INCOME FROM FARMING FOR THE TAXABLE YEAR IS AT LEAST TWO-THIRDS OF EXCESS FEDERAL GROSS INCOME SHALL BE ALLOWED A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE FOR THE SALE OR RENT OF AGRICULTURAL LAND OR EQUIPMENT TO A YOUNG FARMER, AS DEFINED BY SECTION TWO HUNDRED TEN OF THIS CHAPTER. SUCH CREDIT SHALL BE TEN PERCENT OF THE PURCHASE PRICE OF RENTAL AMOUNT OF THE AGRICULTURAL LAND, AND SHALL BE ALLOWED NOTWITHSTANDING SUBSECTION (KK) OF THIS SECTION.

(2) DEFINITIONS. FOR PURPOSES OF THIS SUBSECTION, THE FOLLOWING DEFINITIONS SHALL APPLY:

(A) "EXCESS FEDERAL GROSS INCOME" MEANS THE AMOUNT OF FEDERAL GROSS INCOME FROM ALL SOURCES FOR THE TAXABLE YEAR REDUCED BY THE SUM (NOT TO EXCEED THIRTY THOUSAND DOLLARS, OF THOSE ITEMS INCLUDED IN FEDERAL GROSS INCOME WHICH CONSIST OF:

(I) EARNED INCOME,

(II) PENSION PAYMENTS, INCLUDING SOCIAL SECURITY PAYMENTS,

(III) INTEREST, AND

(IV) DIVIDENDS.

(B) FOR PURPOSES OF THIS PARAGRAPH, THE TERM "EARNED INCOME" SHALL MEAN WAGES, SALARIES, TIPS AND OTHER EMPLOYEE COMPENSATION, AND THOSE ITEMS OF GROSS INCOME WHICH ARE INCLUDIBLE IN THE COMPUTATION OF NET EARNINGS FROM SELF-EMPLOYMENT. FOR THE PURPOSES OF THIS PARAGRAPH, PAYMENTS FROM THE STATE'S FARMLAND PROTECTION PROGRAM, ADMINISTERED BY THE DEPARTMENT OF AGRICULTURE AND MARKETS, SHALL BE INCLUDED AS FEDERAL GROSS INCOME FROM FARMING.

(3) APPLICATION OF CREDIT. IF THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS SUBSECTION FOR ANY TAXABLE YEAR SHALL EXCEED THE TAXPAYER'S TAX FOR SUCH YEAR, THE EXCESS SHALL BE TREATED AS AN OVERPAYMENT OF TAX TO BE CREDITED OR REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF SECTION SIX HUNDRED EIGHTY-SIX OF THIS ARTICLE, PROVIDED, HOWEVER, THAT NO INTEREST SHALL BE PAID THEREON.

S 3. This act shall take effect immediately and shall apply to taxable years beginning on and after January 1, 2015.

PART UUU

Section 1. Subsections (yy) and (zz) of section 606 of the tax law, as relettered by section 5 of part H of chapter 1 of the laws of 2003, are relettered subsections (yyy) and (zzz) and a new subsection (u) is added to read as follows:

(U) STAY IN NEW YORK CREDIT. (1) GENERAL. (A) A RESIDENT TAXPAYER SHALL BE ALLOWED A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE FOR ALLOWABLE COLLEGE EXPENSES. THE AMOUNT OF THE CREDIT SHALL BE EQUAL TO TWENTY-FIVE PERCENT OF ALLOWABLE COLLEGE EXPENSES, CAPPED AT THREE THOUSAND DOLLARS. THE CREDIT SHALL BE ALLOWED ONLY IN THE FIRST TAXABLE YEAR SUBSEQUENT TO THE TAXPAYER'S COMPLETION OF A COURSE OF STUDY LEADING TO THE GRANTING OF A BACCALAUREATE DEGREE AND IN EACH OF THE NEXT THREE TAXABLE YEARS.

(B) IN ORDER TO QUALIFY FOR THE CREDIT, THE ELIGIBLE TAXPAYER SHALL:

(I) HAVE COMPLETED THE COURSE OF STUDY LEADING TO THE GRANTING OF A BACCALAUREATE DEGREE FROM AN INSTITUTION OF HIGHER EDUCATION WITHIN FOUR YEARS FROM THE COMMENCEMENT OF SUCH COURSE OF STUDY. PROVIDED, HOWEVER, IF THE ELIGIBLE TAXPAYER WAS EMPLOYED IN EXCESS OF THREE HUNDRED HOURS PER SEMESTER, THE ELIGIBLE TAXPAYER SHALL HAVE COMPLETED THE COURSE OF STUDY LEADING TO THE GRANTING OF A BACCALAUREATE DEGREE WITHIN FIVE YEARS FROM THE COMMENCEMENT OF SUCH COURSE OF STUDY;

(II) BE EMPLOYED FULL-TIME WITHIN THE STATE; AND

(III) HAVE COMPLETED TWENTY HOURS OF COMMUNITY SERVICE PER SEMESTER OF ENROLLMENT IN AN INSTITUTION OF HIGHER EDUCATION. PROVIDED, HOWEVER, FOR THOSE ELIGIBLE TAXPAYERS WHO HAVE BEEN GRANTED DEGREES WITHIN THREE YEARS OF THE EFFECTIVE DATE OF THIS SUBSECTION, SUCH TAXPAYERS SHALL COMPLETE THE COMMUNITY SERVICE WITHIN THE FIRST TAXABLE YEAR IN WHICH THE CREDIT IS CLAIMED.

(C) FOR ELIGIBLE TAXPAYERS WHO ENROLL IN A COURSE OF STUDY LEADING TO THE GRANTING OF A POST BACCALAUREATE OR OTHER GRADUATE DEGREE IMMEDIATELY FOLLOWING THE RECEIPT OF A BACCALAUREATE DEGREE, THE CREDIT SHALL BE ALLOWED IN THE FIRST TAXABLE YEAR SUBSEQUENT TO THE TAXPAYER'S COMPLETION OF SUCH DEGREE OR WHEN SUCH TAXPAYER CEASES TO BE ENROLLED IN SUCH COURSE OF STUDY AND IN EACH OF THE NEXT THREE TAXABLE YEARS PROVIDED ALL OTHER QUALIFICATIONS OF THIS SUBSECTION ARE MET.

(2) ALLOWABLE AND QUALIFIED COLLEGE EXPENSES. FOR THE PURPOSES OF THIS CREDIT:

(A) THE TERM "ALLOWABLE COLLEGE EXPENSES" SHALL MEAN THE TOTAL AMOUNT OF QUALIFIED COLLEGE EXPENSES INCURRED BY THE TAXPAYER DURING THE TAXPAYER'S ENROLLMENT IN A COURSE OF STUDY LEADING TO THE GRANTING OF A BACCALAUREATE DEGREE FROM AN INSTITUTION OF HIGHER EDUCATION.

(B) THE TERM "QUALIFIED COLLEGE EXPENSES" SHALL MEAN THE TUITION REQUIRED FOR THE ENROLLMENT OR ATTENDANCE OF THE TAXPAYER AT AN INSTITUTION OF HIGHER EDUCATION. PROVIDED, HOWEVER, TUITION PAYMENTS MADE PURSUANT TO THE RECEIPT OF ANY SCHOLARSHIPS OR FINANCIAL AID SHALL BE EXCLUDED FROM THE DEFINITION OF "QUALIFIED COLLEGE EXPENSES".

(3) INSTITUTION OF HIGHER EDUCATION. FOR THE PURPOSES OF THIS CREDIT, THE TERM "INSTITUTION OF HIGHER EDUCATION" SHALL MEAN ANY INSTITUTION OF HIGHER EDUCATION LOCATED IN THE STATE, RECOGNIZED AND APPROVED BY THE REGENTS, OR ANY SUCCESSOR ORGANIZATION, OF THE UNIVERSITY OF THE STATE OF NEW YORK OR ACCREDITED BY A NATIONALLY RECOGNIZED ACCREDITING AGENCY OR ASSOCIATION ACCEPTED AS SUCH BY THE REGENTS, OR ANY SUCCESSOR ORGANIZATION, OF THE UNIVERSITY OF THE STATE OF NEW YORK, WHICH PROVIDES A COURSE OF STUDY LEADING TO THE GRANTING OF A POST-SECONDARY DEGREE, CERTIFICATE OR DIPLOMA.

(4) REFUNDABILITY. THE CREDIT UNDER THIS SUBSECTION SHALL BE ALLOWED AGAINST THE TAXES IMPOSED BY THIS ARTICLE FOR THE TAXABLE YEAR REDUCED BY THE CREDITS PERMITTED BY THIS ARTICLE. IF THE CREDIT EXCEEDS THE TAX AS SO REDUCED, THE TAXPAYER MAY RECEIVE, AND THE COMPTROLLER, SUBJECT TO A CERTIFICATE OF THE COMMISSIONER, SHALL PAY AS AN OVERPAYMENT, WITHOUT INTEREST, THE AMOUNT OF SUCH EXCESS.

S 2. Subparagraph (A) of paragraph 2 of subsection (t) of section 606 of the tax law, as amended by section 1 of part N of chapter 85 of the laws of 2002, is amended to read as follows:

(A) The term "allowable college tuition expenses" shall mean the amount of qualified college tuition expenses of eligible students paid by the taxpayer during the taxable year[,]. THE AMOUNT OF QUALIFIED COLLEGE TUITION EXPENSES SHALL BE limited [to] AS FOLLOWS: FOR TAXABLE YEARS BEGINNING AFTER TWO THOUSAND AND BEFORE TWO THOUSAND FIFTEEN, ten thousand dollars for each such student; FOR TAXABLE YEARS BEGINNING IN

TWO THOUSAND FIFTEEN, TWELVE THOUSAND DOLLARS FOR EACH STUDENT; FOR TAXABLE YEARS BEGINNING IN TWO THOUSAND SIXTEEN, FOURTEEN THOUSAND DOLLARS FOR EACH STUDENT; FOR TAXABLE YEARS BEGINNING IN TWO THOUSAND SEVENTEEN, SIXTEEN THOUSAND DOLLARS FOR EACH STUDENT; FOR TAXABLE YEARS BEGINNING IN TWO THOUSAND EIGHTEEN, EIGHTEEN THOUSAND DOLLARS FOR EACH STUDENT; AND FOR TAXABLE YEARS BEGINNING AFTER TWO THOUSAND EIGHTEEN, TWENTY THOUSAND DOLLARS PER STUDENT;

S 3. Paragraph 4 of subsection (t) of section 606 of the tax law, as added by section 1 of part DD of chapter 63 of the laws of 2000, is amended to read as follows:

(4) Amount of credit. [If allowable college tuition expenses are less than five thousand dollars, the amount of the credit provided under this subsection shall be equal to the applicable percentage of the lesser of allowable college tuition expenses or two hundred dollars. If allowable college tuition expenses are five thousand dollars or more, the amount of the credit provided under this subsection shall be equal to the applicable percentage of the allowable college tuition expenses multiplied by four percent.]

THE AMOUNT OF THE CREDIT SHALL BE DETERMINED IN ACCORDANCE WITH THE FOLLOWING SCHEDULES:

(A) FOR TAXABLE YEARS BEGINNING AFTER TWO THOUSAND AND BEFORE TWO THOUSAND FIFTEEN:

IF ALLOWABLE COLLEGE TUITION EXPENSES ARE:	THE TAX CREDIT IS EQUAL TO:
LESS THAN FIVE THOUSAND DOLLARS	THE APPLICABLE PERCENTAGE OF THE LESSER OF ALLOWABLE COLLEGE TUITION EXPENSES OR TWO HUNDRED DOLLARS
FIVE THOUSAND DOLLARS OR MORE	THE APPLICABLE PERCENTAGE OF ALLOWABLE COLLEGE TUITION EXPENSES MULTIPLIED BY FOUR PERCENT

(B) FOR TAXABLE YEARS BEGINNING IN TWO THOUSAND FIFTEEN:

IF ALLOWABLE COLLEGE TUITION EXPENSES ARE:	THE TAX CREDIT IS EQUAL TO:
LESS THAN SIX THOUSAND DOLLARS	THE LESSER OF ALLOWABLE COLLEGE TUITION EXPENSES OR TWO HUNDRED FORTY DOLLARS
SIX THOUSAND DOLLARS OR MORE	THE ALLOWABLE COLLEGE TUITION EXPENSES MULTIPLIED BY FOUR PERCENT

(C) FOR TAXABLE YEARS BEGINNING IN TWO THOUSAND SIXTEEN:

IF ALLOWABLE COLLEGE TUITION EXPENSES ARE:	THE TAX CREDIT IS EQUAL TO:
LESS THAN SEVEN THOUSAND DOLLARS	THE LESSER OF ALLOWABLE COLLEGE TUITION EXPENSES OR TWO HUNDRED EIGHTY DOLLARS
SEVEN THOUSAND DOLLARS OR MORE	THE ALLOWABLE COLLEGE TUITION EXPENSES MULTIPLIED BY FOUR PERCENT

(D) FOR TAXABLE YEARS BEGINNING IN TWO THOUSAND SEVENTEEN:

IF ALLOWABLE COLLEGE TUITION EXPENSES ARE:	THE TAX CREDIT IS EQUAL TO:
LESS THAN EIGHT THOUSAND DOLLARS	THE LESSER OF ALLOWABLE COLLEGE TUITION EXPENSES OR THREE HUNDRED TWENTY DOLLARS
EIGHT THOUSAND DOLLARS OR MORE	THE ALLOWABLE COLLEGE TUITION EXPENSES MULTIPLIED BY FOUR PERCENT

(E) FOR TAXABLE YEARS BEGINNING IN TWO THOUSAND EIGHTEEN:

1 IF ALLOWABLE COLLEGE TUITION THE TAX CREDIT IS EQUAL TO:
 2 EXPENSES ARE:
 3 LESS THAN NINE THOUSAND DOLLARS THE LESSER OF ALLOWABLE COLLEGE
 4 TUITION EXPENSES OR THREE HUNDRED
 5 SIXTY DOLLARS
 6 NINE THOUSAND DOLLARS OR MORE THE ALLOWABLE COLLEGE TUITION
 7 EXPENSES MULTIPLIED BY FOUR PERCENT
 8 (F) FOR TAXABLE YEARS BEGINNING AFTER TWO THOUSAND EIGHTEEN:
 9 IF ALLOWABLE COLLEGE TUITION THE TAX CREDIT IS EQUAL TO:
 10 EXPENSES ARE:
 11 LESS THAN TEN THOUSAND DOLLARS THE LESSER OF ALLOWABLE COLLEGE
 12 TUITION EXPENSES OR FOUR HUNDRED
 13 DOLLARS
 14 TEN THOUSAND DOLLARS OR MORE THE ALLOWABLE COLLEGE TUITION
 15 EXPENSES MULTIPLIED BY FOUR PERCENT
 16 Such applicable percentage shall be twenty-five percent for taxable
 17 years beginning in two thousand one, fifty percent for taxable years
 18 beginning in two thousand two, seventy-five percent for taxable years
 19 beginning in two thousand three and one hundred percent for taxable
 20 years beginning after two thousand three.
 21 S 4. Subsection (t) of section 606 of the tax law is amended by adding
 22 a new paragraph 4-a to read as follows:
 23 (4-A) INFLATION ADJUSTMENT. (A) FOR TAXABLE YEARS BEGINNING IN OR
 24 AFTER TWO THOUSAND NINETEEN, THE DOLLAR AMOUNTS IN SUBPARAGRAPH (A) OF
 25 PARAGRAPH TWO AND PARAGRAPH FOUR OF THIS SUBSECTION SHALL BE MULTIPLIED
 26 BY ONE PLUS THE INFLATION ADJUSTMENT.
 27 (B) THE INFLATION ADJUSTMENT FOR ANY TAXABLE YEAR SHALL BE THE
 28 PERCENTAGE, IF ANY, BY WHICH THE HIGHER EDUCATION PRICE INDEX FOR THE
 29 ACADEMIC FISCAL YEAR ENDING IN THE IMMEDIATELY PRECEDING TAXABLE YEAR
 30 EXCEEDS THE HIGHER EDUCATION PRICE INDEX FOR THE ACADEMIC FISCAL YEAR
 31 ENDING JUNE, TWO THOUSAND EIGHTEEN. FOR THE PURPOSES OF THIS PARAGRAPH,
 32 THE HIGHER EDUCATION PRICE INDEX MEANS THE HIGHER EDUCATION PRICE INDEX
 33 PUBLISHED BY THE COMMONFUND INSTITUTE.
 34 (C) IF THE PRODUCT OF THE AMOUNTS IN SUBPARAGRAPHS (A) AND (B) OF THIS
 35 PARAGRAPH IS NOT A MULTIPLE OF FIVE DOLLARS, SUCH INCREASE SHALL BE
 36 ROUNDED TO THE NEXT MULTIPLE OF FIVE DOLLARS.
 37 S 5. This act shall take effect immediately and shall apply to taxable
 38 years beginning on or after January 1, 2015; provided, however, that
 39 section one of this act shall apply to taxable years beginning on or
 40 after January 1, 2016.

41 PART VVV

42 Section 1. Subdivision (a) of section 1115 of the tax law is amended
 43 by adding a new paragraph 44 to read as follows:
 44 (44) SCHOOL BUSES AS SUCH TERM IS DEFINED IN SECTION ONE HUNDRED
 45 FORTY-TWO OF THE VEHICLE AND TRAFFIC LAW, AND PARTS, EQUIPMENT, LUBRI-
 46 CANTS AND FUEL PURCHASED AND USED IN THEIR OPERATION.
 47 S 2. This act shall take effect on the first day of a quarterly sales
 48 tax period, as set forth in subdivision (b) of section 1136 of the tax
 49 law, next succeeding April 1, 2017. Provided, however, that the commis-
 50 sioner of taxation and finance may take any action necessary for the
 51 timely implementation of this act on or before the date on which it
 52 shall have become a law.

53 PART WWW

1 Section 1. Legislative intent. The legislature hereby finds that the
2 educational and entertainment game industry makes up a large and rapidly
3 growing share of the national and world economy, outselling movies,
4 music, and DVDs; that its diversity includes entertainment and educa-
5 tional games, triple-A games and apps, large and small companies, indi-
6 vidual entrepreneurs, and a strong higher education academic component;
7 that it pays high annual average salaries to its employees; and that its
8 audience is adult and large, with 58 percent of Americans playing video
9 games, 45 percent of whom are female players, and that the average age
10 of a game player is 30 years old and the average age of most frequent
11 game purchasers is 35 years old.

12 The legislature further finds that New York's game development and
13 publishing companies are among the foremost in the country and that its
14 academic game design institutions are cited as among the country's best,
15 yet it lags other states in industry jobs, opportunities, and economics,
16 ranking 4th among states as of 2009 with a contribution of 268.8 million
17 dollars to the economy, and 5,474 direct and indirect jobs, behind Cali-
18 fornia, where the industry contributes 2.2 billion dollars to the econo-
19 my, Washington with a contribution of 480 million dollars, and Texas
20 with a contribution of 492 million dollars; that many students leave New
21 York to seek opportunities for creative work in other states; and that
22 companies are moving employees to areas that make more economic sense to
23 their bottom lines, despite a stated desire to stay in New York.

24 The legislature further finds and declares, based in discussions and
25 interviews with game development and publishing industry leaders,
26 academics, entrepreneurs, and students, that provisions of existing
27 economic development programs and incentives can be targeted to increase
28 employment and economic activity in this industry in New York and that
29 new incentives and programs can also help the industry to achieve crit-
30 ical mass which in turn will lead to more rapid growth.

31 The legislature therefore declares that the provisions of this act
32 will help New York state reach its potential as a home to game develop-
33 ment and publishing companies and entrepreneurs, increasing employment,
34 growth and opportunity for all citizens of this state, and raising New
35 York's profile as a game development capital, and that enactment of this
36 act is therefore in every sense in the interests of the people of this
37 state.

38 S 2. Section 433 of the economic development law is amended by adding
39 a new subdivision 5 to read as follows:

40 5. THE COMMISSIONER MAY ISSUE A CERTIFICATE OF ELIGIBILITY UPON APPLI-
41 CATION BY A COMPANY THAT IS AN ANCHOR TENANT PURSUANT TO SECTION
42 SIXTEEN-W OF THE URBAN DEVELOPMENT CORPORATION ACT THAT IS ENGAGED OR IS
43 ABOUT TO ENGAGE IN AN ELIGIBLE PRODUCTION. THE COMMISSIONER MAY GRANT
44 APPROVAL OF SUCH CERTIFICATE OF ELIGIBILITY WHEN THE COMPANY PROVIDES AN
45 AUDIT BY A CERTIFIED PUBLIC ACCOUNTANT WHO MEETS CRITERIA ESTABLISHED BY
46 THE COMMISSIONER OF THE QUALIFIED PRODUCTION THAT INCLUDES AN ITEMIZED
47 REPORT OF QUALIFIED EXPENDITURES AND SUCH OTHER INFORMATION AS THE
48 COMMISSIONER MAY REQUIRE SHOWING THAT THE PRODUCTION MET ELIGIBILITY
49 REQUIREMENTS ESTABLISHED IN SECTION THIRTY-NINE-C OF THE TAX LAW. FOR
50 PURPOSES OF THIS SUBDIVISION, AN ELIGIBLE PRODUCTION IS A PRODUCTION
51 WITH QUALIFIED EXPENDITURES OF FIVE HUNDRED THOUSAND DOLLARS OR MORE, OF
52 WHICH AT LEAST SIXTY PERCENT ARE INCURRED IN THIS STATE. QUALIFIED
53 EXPENDITURES MUST BE CUSTOMARY AND REASONABLE PURCHASES OF TANGIBLE
54 PERSONAL PROPERTY OR SERVICES FROM A BUSINESS IN THIS STATE ON OR AFTER
55 THE DATE ON WHICH AN APPLICANT SUBMITS AN APPLICATION FOR THE CERTIF-
56 ICATE OF ELIGIBILITY, WHICH SHALL BE NOT EARLIER THAN JANUARY FIRST, TWO

1 THOUSAND FIFTEEN. THE COMMISSIONER SHALL FORWARD A COPY OF ANY CERTIF-
2 ICATE OF ELIGIBILITY AND ANY APPROVAL THEREOF TO THE COMMISSIONER OF THE
3 DEPARTMENT OF TAXATION AND FINANCE. SUCH CERTIFICATE SHALL INCLUDE A
4 CALCULATION OF THE AMOUNT AND SCHEDULE UNDER WHICH SUCH CREDITS MAY BE
5 CLAIMED BY THE ANCHOR TENANT OVER A FOUR YEAR PERIOD. QUALIFIED EXPEND-
6 ITURES FOR AN ELIGIBLE PRODUCTION INCLUDE: THE PAYROLL FOR NEW YORK
7 STATE RESIDENTS PROVIDING SERVICES IN THIS STATE TO THE PRODUCTION FOR
8 CODING AND DESIGN, SET CONSTRUCTION AND OPERATION, PHOTOGRAPHY, SOUND
9 AND LIGHTING, FILMING, FILM PROCESSING AND FILM EDITING, EDITING, SOUND
10 MIXING, ART, DIGITAL PROGRAMMING, ONLINE PROGRAMMING, QUALITY ASSURANCE
11 TESTING, MOTION CAPTURE, SPECIAL EFFECTS, VISUAL EFFECTS AND OTHER POST-
12 PRODUCTION SERVICES, TO A MAXIMUM OF ONE HUNDRED THOUSAND DOLLARS PER
13 SUCH RESIDENT, INDEXED FOR INFLATION; PAYMENT FOR BELOW-THE-LINE GOODS
14 OR SERVICES PROVIDED BY A NEW YORK BUSINESS RELATED TO THE PRODUCTION,
15 AS DEFINED FURTHER BY THE COMMISSIONER AFTER CONSULTATION WITH THE URBAN
16 DEVELOPMENT CORPORATION AND THE NEW YORK DIGITAL GAME DEVELOPMENT ADVI-
17 SORY BOARD ESTABLISHED IN SECTION SIXTEEN-W OF THE URBAN DEVELOPMENT
18 CORPORATION ACT; AND ANY OTHER TRANSACTION, SERVICE OR ACTIVITY DEEMED
19 ESSENTIAL TO SUCH PRODUCTION AND AUTHORIZED BY THE COMMISSIONER.

20 S 3. Section 1 of chapter 174 of the laws of 1968, constituting the
21 New York state urban development corporation act, is amended by adding a
22 new section 16-w to read as follows:

23 S 16-W. THE NEW YORK STATE DIGITAL GAME DEVELOPMENT AND INCENTIVE ACT.
24 1. AS USED IN THIS SECTION:

25 A. "DIGITAL GAME DEVELOPMENT" OR "DIGITAL GAME SOFTWARE" COMPANIES
26 (COLLECTIVELY, "DIGITAL GAME COMPANIES") AND PUBLISHERS ARE COMPANIES
27 ENGAGED IN DEVELOPING, PRODUCING, OR PUBLISHING ENTERTAINMENT SOFTWARE
28 FOR ONE OR MULTIPLE PLATFORMS OR PLAYING DEVICES THAT MAY OR MAY NOT BE
29 DOWNLOADED ELECTRONICALLY, INCLUDING COMPANIES THAT ARE OR WOULD BE
30 CLASSIFIED UNDER NAIC CODE 511210 OR ANY SUCCESSOR THERETO;

31 B. THE "NEW YORK DIGITAL GAME DEVELOPMENT ADVISORY BOARD" OR "ADVISORY
32 BOARD" MEANS THE NEW YORK GAME DEVELOPMENT ADVISORY BOARD CREATED PURSU-
33 ANT TO THIS SECTION;

34 C. "NEW YORK STATE INCUBATOR" OR "NEW YORK STATE INNOVATION HOT SPOT"
35 HAVE THE SAME MEANINGS AS "NEW YORK STATE INCUBATORS" AND "NEW YORK
36 STATE INNOVATION HOT SPOTS" AS USED IN SECTION SIXTEEN-V OF THIS ACT;

37 D. "ANCHOR TENANT" MEANS ENTITIES OR PERSONS SO DESIGNATED BY THE
38 COMMISSIONER OF ECONOMIC DEVELOPMENT THAT ARE DIGITAL GAME COMPANIES, OR
39 ARE SUBSIDIARIES OF OR NEW VENTURES OWNED WHOLLY OR IN PART BY DIGITAL
40 GAME COMPANIES. AN ENTITY OR PERSON CANNOT BE AN ANCHOR TENANT UNLESS IT
41 IS RESIDENT IN NEW YORK STATE AND ESTABLISHES OPERATIONS PURSUANT TO THE
42 START-UP NY PROGRAM AUTHORIZED UNDER ARTICLE 21 OF THE ECONOMIC DEVELOP-
43 MENT LAW IN AN INDUSTRY CLUSTER OF DIGITAL GAME COMPANIES.

44 2. THE CORPORATION SHALL TAKE THE STEPS AUTHORIZED AND REQUIRED IN
45 THIS SECTION, IN ORDER TO ENHANCE ECONOMIC DEVELOPMENT IN THE DIGITAL
46 GAME INDUSTRY AND TO CREATE OPPORTUNITIES FOR EMPLOYMENT, JOB CREATION,
47 AND PRODUCT DEVELOPMENT IN NEW YORK STATE, AND RECOGNITION OF EMERGING
48 AND CURRENT TALENT. THOSE STEPS INCLUDE BUT ARE NOT LIMITED TO CREATION,
49 PLANNING, DEVELOPMENT, AND IMPLEMENTATION OF:

50 A. THE NEW YORK STATE DIGITAL GAME DEVELOPMENT ADVISORY BOARD;

51 B. THE NEW YORK DIGITAL GAME SUMMIT AND SUPPORT OF EVENTS;

52 C. THE NEW YORK DIGITAL GAME DEVELOPMENT COMPETITION;

53 D. ADMINISTRATION AND IMPLEMENTATION OF INDUSTRY CLUSTERS OF DIGITAL
54 GAME COMPANIES ESTABLISHED PURSUANT TO ARTICLE 21 OF THE ECONOMIC DEVEL-
55 OPMENT LAW;

1 E. DEVELOPMENT OF COLLABORATIONS WITH NEW YORK STATE-BASED DIGITAL
2 GAME COMPANIES AND ENTREPRENEURS, GAME DESIGN ACADEMIC INSTITUTIONS, NEW
3 YORK INCUBATORS AND NEW YORK INNOVATION HOT SPOTS TO FURTHER THE INTENT
4 OF THIS PROGRAM;

5 F. TARGETED TAX INCENTIVES AND BENEFITS FOR THE DIGITAL GAME INDUSTRY;

6 G. HIGH SPEED INTERNET CONNECTION GRANTS;

7 H. ADMINISTRATION OF THE NEW YORK STATE DIGITAL GAME DEVELOPMENT FUND.

8 3. THERE IS HEREBY CREATED THE NEW YORK STATE DIGITAL GAME DEVELOPMENT
9 ADVISORY BOARD, WHOSE PURPOSE SHALL BE TO ADVISE AND CONSULT WITH THE
10 CORPORATION ON THE DEVELOPMENT OF THE PROGRAM CREATED BY THIS SECTION.
11 THE BOARD SHALL CONSIST OF TWELVE MEMBERS APPOINTED BY THE GOVERNOR; OF
12 THE TWELVE, TWO SHALL BE ON THE RECOMMENDATION OF THE SPEAKER OF THE
13 ASSEMBLY, TWO BY THE TEMPORARY PRESIDENT AND MAJORITY COALITION LEADERS
14 OF THE SENATE, AND ONE EACH BY THE MINORITY LEADERS OF THE SENATE AND
15 THE ASSEMBLY. MEMBERS OF THE BOARD SHALL BE EXECUTIVES OF DIGITAL GAME
16 COMPANIES RESIDENT IN NEW YORK STATE, ACADEMICS OR DEANS FROM ACADEMIC
17 GAME DESIGN PROGRAMS, AND SUCCESSFUL ENTREPRENEURS WITH AT LEAST FIVE
18 YEARS EXPERIENCE IN THE INDUSTRY AND ONE OR MORE SUCCESSFUL GAMES.

19 4. THE CORPORATION IS AUTHORIZED AND DIRECTED, WITHIN AMOUNTS MADE
20 AVAILABLE TO IT BY APPROPRIATION THEREFOR AND SUCH OTHER PUBLIC AND
21 PRIVATE FUNDS AS SHALL ADDITIONALLY BE MADE AVAILABLE, TO PROVIDE LOANS
22 AND GRANTS FOR SERVICES AND EXPENSES RELATED TO PLANNING AND IMPLEMENT-
23 ING A NEW YORK STATE DIGITAL GAME SUMMIT, TO SUPPORT AND PROMOTE OTHER
24 LOCAL AND REGIONAL DIGITAL GAME EVENTS, AND TO ORGANIZE STATE REPRESENTATION AT NATIONAL DIGITAL GAME EVENTS DEEMED AFTER CONSULTATION WITH THE NEW YORK STATE DIGITAL GAME DEVELOPMENT ADVISORY BOARD TO BE SIGNIFICANT AND APPROPRIATE TO RAISING NEW YORK'S PROFILE AND STATUS IN THE GAME DEVELOPMENT INDUSTRY. PRIOR TO TAKING SUCH ACTIONS, THE CORPORATION SHALL CONSULT WITH AND DEVELOP A PLAN TO MAXIMIZE THE EFFECT OF SUCH ACTIVITIES WITH THE NEW YORK DIGITAL GAME DEVELOPMENT ADVISORY BOARD. GENERAL REQUIREMENTS AND PARAMETERS FOR THESE ACTIVITIES SHALL BE AS FOLLOWS:

33 A. NEW YORK STATE GAME SUMMIT SHALL BE A MULTI-DAY CONVENTION AND
34 CELEBRATION OF NEW YORK'S DIGITAL GAME INDUSTRY, INCLUDING ENTREPRE-
35 NEURS, STUDENTS, ACADEMIC INSTITUTIONS, AND COMPANIES, TO BE HELD IN NEW
36 YORK CITY AT A TIME WHEN THERE IS THE LEAST AMOUNT OF COMPETITION FROM
37 OTHER NATIONAL AND IN-STATE EVENTS, AT A VENUE WITH A HISTORY AND INTEREST IN DIGITAL GAMING OR IN CONVENTIONS WHICH ARE ABLE TO HOUSE THE LAUNCH OF A GROWING EVENT. THE GAME SUMMIT WILL ALSO INCLUDE THE FINALS OF THE NEW YORK DIGITAL GAME DEVELOPMENT COMPETITION, CREATED AND AUTHORIZED BY THIS SECTION, AND SHALL INCLUDE DEMONSTRATIONS AND DISCUSSIONS OF GAMES, EDUCATIONAL FORUMS IN WHICH EDUCATORS CAN LEARN ABOUT USING GAMES IN THE CLASSROOM, AND OTHER ACTIVITIES DEEMED APPROPRIATE BY THE CORPORATION TO SUCH AN EVENT. THE CORPORATION SHALL PARTNER WITH AND SUPPORT ONE OR MORE PRIVATE ENTITIES AND TRADE ASSOCIATIONS THAT CREATE AND IMPLEMENT THE SUMMIT.

47 B. REGIONAL SUPPORT SHALL INCLUDE SUPPORT OF AND COLLABORATIONS WITH
48 REGIONAL AND LOCAL DIGITAL GAME PUBLISHERS AND DEVELOPER EVENTS, FOR THE
49 PURPOSE OF CREATING AN ECOSYSTEM OF RELATED GATHERINGS, MEETINGS, AND
50 COMPETITIONS IN THIS STATE.

51 C. REPRESENTATION AT EVENTS WILL ENTAIL THE CORPORATION ORGANIZING
52 AND/OR PARTICIPATING IN REPRESENTATION OF NEW YORK DIGITAL GAME COMPANIES, ENTREPRENEURS, ACADEMICS, AND OTHERS AT MAJOR GAME EVENTS AND VENUES.

55 5. THE CORPORATION IS AUTHORIZED, WITHIN AMOUNTS MADE AVAILABLE TO IT
56 BY APPROPRIATION THEREFOR AND WITH SUCH OTHER PUBLIC AND PRIVATE FUNDS

1 AS SHALL ADDITIONALLY BE MADE AVAILABLE, TO PLAN AND IMPLEMENT THE NEW
2 YORK STATE DIGITAL GAME DEVELOPMENT COMPETITION, THE PURPOSE OF WHICH
3 SHALL BE TO ANNUALLY RECOGNIZE AND ENCOURAGE EMERGING TALENT IN GAME
4 DEVELOPMENT IN THIS STATE THROUGH A THREE STAGE JUDGED COMPETITION FOR
5 PRIZES OVER A PERIOD NOT LONGER THAN TWENTY-FOUR MONTHS. THE CORPORATION
6 SHALL CONSULT WITH AND DEVELOP A PLAN FOR THE GAME DEVELOPMENT COMPETI-
7 TION WITH THE NEW YORK DIGITAL GAME DEVELOPMENT ADVISORY BOARD. GENERAL
8 REQUIREMENTS AND PARAMETERS FOR THESE ACTIVITIES ARE AS FOLLOWS:

9 A. THE FIRST COMPETITION SHALL TAKE PLACE WITHIN EACH ECONOMIC DEVEL-
10 OPMENT REGION IN THE STATE, AND SHALL RESULT IN TEN WINNERS PER REGION.
11 NOTHING CONTAINED HEREIN SHALL PREVENT TWO OR MORE REGIONS FROM COLLAB-
12 ORATING IN THIS STAGE OF THE COMPETITION, AND THE CORPORATION SHALL
13 ESTABLISH RULES OR GUIDELINES TO GOVERN SUCH COLLABORATIONS. THE SECOND
14 COMPETITION SHALL TAKE PLACE AMONG THE WINNERS OF THE FIRST COMPETITION,
15 AND SHALL RESULT IN TEN WINNERS. THIS COMPETITION SHALL BE SCHEDULED AT
16 DIFFERENT VENUES WITHIN THE STATE EACH YEAR TO ASSURE GEOGRAPHICAL
17 BALANCE. THE FINAL COMPETITION SHALL RESULT IN TWO WINNERS AND SHALL BE
18 CONDUCTED AS PART OF THE NEW YORK STATE DIGITAL GAME SUMMIT. WINNERS OF
19 THE FIRST COMPETITION SHALL RECEIVE PRIZES OF TEN THOUSAND DOLLARS EACH.
20 WINNERS OF THE SECOND COMPETITION SHALL RECEIVE MATCHING FUND PRIZES OF
21 UP TO ONE HUNDRED THOUSAND DOLLARS EACH. WINNERS OF THE THIRD COMPETI-
22 TION SHALL RECEIVE PRIZES OF FIVE HUNDRED THOUSAND DOLLARS EACH.

23 B. EACH COMPETITION SHALL BE JUDGED BY A SEVEN-MEMBER PANEL OF INDUS-
24 TRY OFFICIALS, ENTREPRENEURS, ACADEMICS, AND ECONOMIC DEVELOPMENT OFFI-
25 CIALS IN THE REGION OR IN THE STATE AS APPROPRIATE TO THE LEVEL OF THE
26 COMPETITION, SELECTED BY THE CORPORATION BASED ON RECOMMENDATIONS FROM
27 THE COMMUNITY, THE GAMING INDUSTRY, AND GOVERNMENT AND OTHER OFFICIALS
28 IN THE REGION. THE PANELS SHOULD INCLUDE A PREPONDERANCE OF JUDGES WHO
29 ARE INDUSTRY OFFICIALS, ENTREPRENEURS, ACADEMICS, AND SUCH JUDGES SHOULD
30 HAVE A BACKGROUND IN OR KNOWLEDGE OF DIGITAL GAMES, GAME PUBLISHING, AND
31 GAME DEVELOPMENT AND AN UNDERSTANDING OF COMMERCIAL APPEAL AND MARKETAB-
32 ILITY OF GAMES.

33 C. THE CORPORATION SHALL ESTABLISH CRITERIA FOR ELIGIBILITY OF COMPE-
34 TITION ENTRANTS THAT REQUIRE RESIDENCY IN THIS STATE AND THAT LIMIT
35 ENTRANTS TO NEW AND EMERGING TALENT AND EARLY SEED STAGE STARTUP ENTRE-
36 PRENEURS AS EVIDENCED BY FACTORS SUCH AS THAT THE ENTRANT HAS NOT
37 PUBLISHED A GAME PREVIOUSLY OR, IF SUCH ENTRANT HAS PUBLISHED A GAME IT
38 HAS EARNED A SMALL AMOUNT AS DETERMINED BY THE CORPORATION, OR THAT SUCH
39 ENTRANT IS CURRENTLY A CLIENT OF A NEW YORK STATE INCUBATOR OR NEW YORK
40 STATE INNOVATION HOT SPOT, AND THE COMPANY HAS BEEN IN EXISTENCE FOR
41 LESS THAN THREE YEARS, AND OTHER SIMILAR FACTORS.

42 D. FACTORS TO BE INCLUDED IN JUDGING EACH PHASE OF THE COMPETITION ARE
43 AS FOLLOWS:

44 (I) FOR THE FIRST PHASE ENTRANTS SHOULD SHOW CONCEPTUALIZATION, A
45 DESIGN DOCUMENT, AND PRE-PRODUCTION WITH CODING COMPLETED TO AT LEAST A
46 DIGITAL PROTOTYPE THAT SHOWS HOW THE GAME WOULD WORK. ADDITIONALLY, THE
47 JUDGES SHALL CONSIDER THE QUALITY OF THE GAME CONCEPT, THE PITCH OF THE
48 INDIVIDUAL TEAMS, THE TEAM DYNAMIC, AND THE LEVEL OF REAL, SUBSTANTIAL,
49 AND CONTINUING CONTROL OF THE I.P. WINNERS SHALL USE THE FUNDS TO LINK
50 WITH NEW YORK STATE INCUBATORS FOR COUNSELING AND MENTORING AND TO
51 DEVELOP THE NECESSARY BUSINESS ATTRIBUTES AS WELL AS ADDITIONAL PRODUCT
52 COMPLETION NECESSARY FOR THE NEXT PHASE OF THE COMPETITION;

53 (II) FOR THE SECOND PHASE COMPETITION AMONG THE WINNERS OF THE FIRST
54 PHASE, ENTRANTS SHOULD BE IN PRE-PRODUCTION, AND SHOULD HAVE RAISED
55 FUNDS FROM INVESTORS OR FUNDING SITES OR OTHER SOURCES. PRIZES WILL BE A
56 MATCH TO SUCH FUNDS, UP TO ONE HUNDRED THOUSAND DOLLARS, PLUS ACCESS TO

1 INCUBATOR SPACE AND MENTORING, SKILL BUILDING, AND OTHER SERVICES AVAIL-
2 ABLE TO BEING AN INCUBATOR CLIENT, AS NEGOTIATED AND DEVELOPED BY THE
3 CORPORATION. JUDGES WILL LOOK AT ASPECTS OF THE PRODUCT AS WELL AS THE
4 BUSINESS PROPOSAL. COMPETITORS SHOULD HAVE COMPLETED AND SUBMITTED
5 EVIDENCE SATISFACTORY TO THE CORPORATION OF:

6 (A) A BUSINESS TEAM (BAIL TEAM) AND A BUSINESS AND MARKETING PLAN;

7 (B) A STRATEGIC MONETIZATION INVESTMENT AND FUNDING PLAN;

8 (C) A BUSINESS (INCLUDING A DBA, OR ANY OTHER FORM OF BUSINESS ORGAN-
9 IZATION);

10 (D) A COMPLETED PRODUCT PLAN FOR MARKETING AND FINAL DEVELOPMENT;

11 (E) PROOF OF CONCEPT CONSISTING AT LEAST OF A "VERTICAL SLICE" OF THE
12 GAME, MEANING AT LEAST ONE LEVEL OF PLAY, POLISH AND FINISH, WITH THE
13 INFRASTRUCTURE LARGELY COMPLETED;

14 (F) PUBLIC TESTING OR ACCEPTANCE OR OTHER EVIDENCE OF MARKETING VALUE
15 OF THE GAME;

16 (III) FOR THE THIRD PHASE COMPETITION AMONG WINNERS OF THE SECOND
17 PHASE, ENTRANTS MUST HAVE A COMPLETED GAME SUBMITTED FOR JUDGING, AND
18 UPDATE THE INFORMATION REQUIRED IN PHASE TWO OF THE COMPETITION. CONTES-
19 TANTS SHOULD ALSO REVEAL WHAT THEY INTEND TO DO WITH THE AWARD MONEY IF
20 THEY WIN.

21 E. AS A CONDITION OF RECEIPT OF AWARDS RECEIVED IN PHASES TWO AND
22 THREE, CONTESTANTS SHALL AGREE TO REMAIN RESIDENT IN THE STATE FOR GAME
23 DEVELOPMENT PURPOSES FOR A PERIOD OF FIVE YEARS, AND TO RETURN THE AWARD
24 TO THE STATE SHOULD THEY LEAVE OR SELL THE GAME OR THE GAME COMPANY
25 PRIOR TO THAT FIVE-YEAR PERIOD. WINNERS IN PHASES ONE AND TWO SHALL ALSO
26 AGREE, AS A CONDITION OF RECEIPT OF THE AWARD, TO CONTRIBUTE ONE PERCENT
27 OF PROFITS OF THE GAME TO THE NEW YORK STATE DIGITAL GAME DEVELOPMENT
28 FUND CREATED PURSUANT TO SECTION 99-V OF THE STATE FINANCE LAW, FOR A
29 PERIOD OF THREE YEARS AFTER PUBLICATION OF THE GAME, OR UNTIL THE AMOUNT
30 CONTRIBUTED MATCHES THE AMOUNT OF THE AWARD RECEIVED, WHICHEVER TIME
31 PERIOD IS LESS.

32 F. THE CORPORATION SHALL TAKE SUCH STEPS AS ARE NECESSARY OR CONVEN-
33 IENT IN ASSOCIATION WITH GAME PUBLISHERS TO PROVIDE OPPORTUNITIES FOR
34 PHASE TWO AWARD RECIPIENTS TO OBTAIN CONSIDERATION OF PUBLICATION OF
35 THEIR GAMES.

36 6. THE CORPORATION IS AUTHORIZED TO WORK WITH THE COMMISSIONER OF
37 ECONOMIC DEVELOPMENT TO PROVIDE SERVICES TO DESIGNATED CLUSTERS OF
38 DIGITAL GAME DEVELOPMENT AND DIGITAL GAME SOFTWARE COMPANIES AND
39 PUBLISHERS APPROVED BY THE COMMISSIONER OF ECONOMIC DEVELOPMENT PURSUANT
40 TO ARTICLE 21 OF THE ECONOMIC DEVELOPMENT LAW AND THE FOLLOWING
41 PROVISIONS, WHICH SHALL BE CONTROLLING IN THE CASE OF ANY CONFLICT
42 REGARDING OR LIMITING THE SPONSORSHIP OF PLANS AND ELIGIBILITY OF BUSI-
43 NESSES, INCLUDING ANY PROVISIONS OF SUBDIVISION 2-A OF SECTION 433 OF
44 THE ECONOMIC DEVELOPMENT LAW LIMITING THE ELIGIBILITY OF THE TYPES OF
45 BUSINESSES THAT MAY PARTICIPATE IN THE START-UP NY PROGRAM AUTHORIZED
46 UNDER ARTICLE 21 OF THE ECONOMIC DEVELOPMENT LAW IN NASSAU COUNTY,
47 SUFFOLK COUNTY, WESTCHESTER COUNTY, OR ANY PROVISIONS OF SUCH LAW
48 REGARDING NEW YORK CITY.

49 A. THE COMMISSIONER OF ECONOMIC DEVELOPMENT MAY APPROVE ELEVEN PLANS
50 FOR CLUSTERS OF DIGITAL GAME DEVELOPMENT OR DIGITAL GAME SOFTWARE COMPA-
51 NIES AND PUBLISHERS AND SUPPORT COMPANIES SUBMITTED OR AMENDED BY THE
52 PRESIDENT OR CHIEF EXECUTIVE OFFICER OF ANY STATE UNIVERSITY CAMPUS,
53 COMMUNITY COLLEGE OR CITY UNIVERSITY CAMPUS, OR PRIVATE COLLEGE OR
54 UNIVERSITY, THAT IS ELIGIBLE TO SPONSOR A TAX-FREE NY AREA PURSUANT TO
55 SECTIONS 432 AND 435 OF THE ECONOMIC DEVELOPMENT LAW AND THAT ALSO
56 OFFERS A BACHELOR'S OR MASTER'S DEGREE IN GAME DESIGN OR A SPECIALIZA-

1 TION IN GAME PROGRAMMING AS PART OF ITS COMPUTER SCIENCE BACHELOR'S OR
2 MASTER'S PROGRAM. SUCH SUBMITTED OR AMENDED PLANS MAY INCLUDE ALL OR A
3 PORTION OF THE ELIGIBLE LAND OF SUCH STATE UNIVERSITY CAMPUS, COMMUNITY
4 COLLEGE OR CITY UNIVERSITY CAMPUS, OR PRIVATE COLLEGE OR UNIVERSITY. IN
5 EVERY CASE SUCH PLANS AND THE ELIGIBLE BUSINESSES THAT LOCATE IN THE
6 AREA DESIGNATED BY THE PLAN AND APPROVED BY THE COMMISSIONER SHALL BE
7 DEEMED TO BE PART OF THE START-UP NY PROGRAM, AUTHORIZED BY SUCH ARTICLE
8 21 OF THE ECONOMIC DEVELOPMENT LAW, AND APPROVED PURSUANT TO SUCH LAW.
9 SUCH APPROVAL SHALL ALSO BE DEEMED SUFFICIENT TO QUALIFY FOR ELIGIBILITY
10 FOR TAX BENEFITS AVAILABLE TO BUSINESSES LOCATED IN A TAX-FREE NY AREA
11 PURSUANT TO SECTION 39 OF THE TAX LAW AND SUCH OTHER SECTIONS OF LAW AS
12 ARE DESCRIBED IN SUCH SECTION, PROVIDED THAT SUCH BUSINESS SHALL BE
13 SUBJECT TO THE REQUIREMENTS OF SUCH SECTION.

14 B. APPROVALS OF SUCH PLANS SHALL INCLUDE AT LEAST ONE IN EACH ECONOMIC
15 DEVELOPMENT REGION OF THE STATE WHERE THERE IS AN APPLICANT, AND TWO IN
16 THE NEW YORK CITY ZONE.

17 C. IN SUCH PLANS, THE TYPES OF ELIGIBLE BUSINESS OR BUSINESSES THAT
18 MAY LOCATE ON THAT TAX-FREE NY AREA OR SPACE SHALL INCLUDE DIGITAL GAME
19 DEVELOPMENT AND DIGITAL GAME SOFTWARE COMPANIES AND PUBLISHERS AND
20 SUPPORT COMPANIES, WHICH FOR PURPOSES OF THIS SUBDIVISION SHALL BE
21 DEEMED TO INCLUDE DATA CENTERS, UTILITIES, MOTION CAPTURE STUDIOS, SOFT-
22 WARE AND HARDWARE MANUFACTURERS, GAME-SPECIFIC SCRIPTWRITERS, ANIMATION
23 AND PROGRAMMING OUTSOURCERS, AUDIO FACILITIES AND RECRUITING AGENCIES OR
24 SIMILAR SERVICES.

25 D. SUCH PLANS MAY INCLUDE, IN ADDITION TO OTHER ELIGIBLE BUSINESSES,
26 PROVISION FOR ONE OR MORE ANCHOR TENANTS THAT ARE SUBSIDIARIES OF OR NEW
27 VENTURES OWNED WHOLLY OR IN PART BY COMPANIES RESIDENT IN NEW YORK
28 STATE, NOTWITHSTANDING THAT THEY MAY BE RELATED PERSONS WITHIN THE MEAN-
29 ING OF SUBDIVISION 8 OF SECTION 431 OF THE ECONOMIC DEVELOPMENT LAW,
30 PROVIDED THAT THEY MEET THE CRITERIA OF ADDING NET NEW JOBS AS DEFINED
31 IN SUBDIVISION 5 OF SUCH SECTION AND REQUIRED PURSUANT TO SECTION 433 OF
32 SUCH LAW.

33 E. SUCH PLANS MAY ALSO UTILIZE AN ELIGIBLE SPACE THAT IS OWNED OR
34 CONTROLLED BY SUCH COLLEGE, CAMPUS, OR UNIVERSITY IN AN URBAN CORE AREA
35 OR AN AREA DESCRIBED IN PARAGRAPH (B) OF SUBDIVISION 1 OF SECTION 432 OF
36 THE ECONOMIC DEVELOPMENT LAW, NOTWITHSTANDING ITS LOCATION IN NASSAU
37 COUNTY, SUFFOLK COUNTY, OR WESTCHESTER COUNTY, OR IN NEW YORK CITY.

38 F. ANY SUCH PLAN MUST INCLUDE AN AFFILIATION WITH A NEW YORK STATE
39 INCUBATOR OR NEW YORK STATE INNOVATION HOT SPOT, TO PROVIDE SERVICES TO
40 ELIGIBLE COMPANIES THAT LOCATE IN THE TAX-FREE NY AREA.

41 G. SUCH PLANS MAY ALSO ALLOW FOR COLLABORATION OF SUCH COLLEGE,
42 CAMPUS, OR UNIVERSITY WITH ONE OR MORE OTHER COLLEGES, CAMPUSES, OR
43 UNIVERSITIES.

44 H. IN NO CASE SHALL A PLAN AUTHORIZED PURSUANT TO THIS SECTION EXCEED
45 THE TOTAL SQUARE FOOTAGE REQUIREMENTS OF PLANS AUTHORIZED PURSUANT TO
46 SUCH ARTICLE 21 OF THE ECONOMIC DEVELOPMENT LAW, EXCEPT WITH THE PERMIS-
47 SION OF THE COMMISSIONER OF ECONOMIC DEVELOPMENT.

48 I. FOR PURPOSES OF THIS SECTION AND SECTION 39-C OF THE TAX LAW, THE
49 TERMS "COMPETITION" AND "WOULD COMPETE" IN SECTION 440 AND IN ARTICLE 21
50 OF THE ECONOMIC DEVELOPMENT LAW SHALL BE DEEMED IN THE CASE OF DIGITAL
51 GAME COMPANIES TO REFER SOLELY TO THE SAME OR SUBSTANTIALLY SIMILAR
52 ENTERTAINMENT SOFTWARE.

53 7. ANY OTHER PROVISION OF ANY OTHER LAW TO THE CONTRARY NOTWITHSTAND-
54 ING, DIGITAL GAME DEVELOPMENT AND DIGITAL GAME SOFTWARE COMPANIES AND
55 PUBLISHERS SHALL BE DEEMED ELIGIBLE BUSINESSES FOR THE PURPOSES OF

SUBSECTIONS (G) AND (R) OF SECTION 606 OF THE TAX LAW, AND OF SUBDIVISIONS 12-E AND 12-F OF SECTION 210 OF SUCH LAW.

8. THE CORPORATION IS AUTHORIZED, WITHIN AMOUNTS MADE AVAILABLE TO IT BY APPROPRIATION THEREFOR AND WITH SUCH OTHER PUBLIC AND PRIVATE FUNDS AS SHALL ADDITIONALLY BE MADE AVAILABLE, TO PROVIDE MATCHING GRANT FUNDS TO COLLEGES, CAMPUSES, AND UNIVERSITIES WHOSE PLANS HAVE BEEN APPROVED PURSUANT TO SUBDIVISION 6 OF THIS SECTION OR TO NEW YORK STATE INCUBATORS OR NEW YORK STATE INNOVATION HOT SPOTS WHICH ARE AFFILIATED WITH SUCH PLANS IN AMOUNTS NOT TO EXCEED ONE HUNDRED THOUSAND DOLLARS PER SCHOOL OR INCUBATOR FOR HIGH-SPEED INTERNET SERVICES AND DEVELOPMENT. THIS SUBDIVISION SHALL EXPIRE AND BE OF NO FURTHER EFFECT ON AND AFTER JANUARY 1, 2015.

9. THE CORPORATION AND THE NEW YORK STATE DIGITAL GAME DEVELOPMENT ADVISORY BOARD SHALL DEVELOP A PLAN FOR A DIGITAL GAME AND INCUBATOR OUTREACH PROGRAM TO DEVELOP GAMES THAT ADDRESS COURSE REQUIREMENTS FOR USE IN SCHOOLS IN THIS STATE. SUCH PLAN SHALL BE PRESENTED TO THE GOVERNOR AND THE LEGISLATURE NOT LATER THAN JANUARY 30, 2015.

10. THE CORPORATION SHALL PREPARE AN ANNUAL REPORT TO THE GOVERNOR AND THE LEGISLATURE. SUCH REPORT SHALL INCLUDE THE FOLLOWING DATA CONCERNING ACTIVITIES PURSUANT TO THIS SECTION: THE NUMBER OF BUSINESS APPLICANTS, NUMBER OF BUSINESSES APPROVED, THE NAMES AND ADDRESSES OF THE BUSINESSES LOCATED WITHIN THE TAX-FREE NY AREAS, TOTAL AMOUNT OF BENEFITS DISTRIBUTED, BENEFITS RECEIVED PER BUSINESS, NUMBER OF NET NEW JOBS CREATED, NET NEW JOBS CREATED PER BUSINESS, NEW INVESTMENT PER BUSINESS, THE TYPES OF INDUSTRIES REPRESENTED AND SUCH OTHER INFORMATION AS THE COMMISSIONER DETERMINES NECESSARY TO EVALUATE THE PROGRESS OF THE PROGRAM. THE REPORT SHALL ALSO PROVIDE INFORMATION AND RECOMMENDATIONS ON THE NUMBER OF PERSONS NEEDED TO APPROPRIATELY STAFF THE PROGRAM BY THE CORPORATION. THE FIRST REPORT SHALL BE DUE JANUARY THIRTY-FIRST OF THE SECOND CALENDAR YEAR AFTER THIS SECTION SHALL HAVE TAKEN EFFECT.

S 4. The state finance law is amended by adding a new section 99-v to read as follows:

S 99-V. NEW YORK STATE DIGITAL GAME DEVELOPMENT FUND. 1. THERE IS HEREBY ESTABLISHED IN THE JOINT CUSTODY OF THE COMPTROLLER AND THE COMMISSIONER OF ECONOMIC DEVELOPMENT AN ACCOUNT IN THE MISCELLANEOUS SPECIAL REVENUE FUND TO BE KNOWN AS THE "NEW YORK STATE DIGITAL GAME DEVELOPMENT FUND".

2. SUCH ACCOUNT SHALL CONSIST OF MONIES DEPOSITED INTO IT FROM THE REQUIREMENTS ESTABLISHED PURSUANT TO PARAGRAPH E OF SUBDIVISION FIVE OF SECTION SIXTEEN-W OF THE URBAN DEVELOPMENT CORPORATION ACT.

3. ALL MONIES IN THE ACCOUNT SHALL BE AVAILABLE, SUBJECT TO APPROPRIATION, FOR THE PAYMENT OF EXPENSES AND PRIZES OF THE NEW YORK DIGITAL GAME DEVELOPMENT COMPETITION.

S 5. The tax law is amended by adding a new section 39-c to read as follows:

S 39-C. DIGITAL GAME DEVELOPMENT TAX CREDIT. (A) ALLOWANCE OF CREDIT. A TAXPAYER SUBJECT TO TAX UNDER ARTICLE NINE-A OR TWENTY-TWO OF THIS CHAPTER SHALL BE ALLOWED A CREDIT AGAINST SUCH TAX. THE AMOUNT OF THE CREDIT, ALLOWABLE FOR FOUR CONSECUTIVE TAX YEARS, IS EQUAL TO THE AMOUNT DETERMINED BY THE COMMISSIONER OF ECONOMIC DEVELOPMENT, BUT SHALL NOT EXCEED NINETEEN PERCENT OF QUALIFIED EXPENDITURES, INCLUDING BONUS AMOUNTS AS HEREIN PROVIDED. THE CREDIT ALLOWED UNDER THIS SECTION SHALL BE ALLOWED IN ADDITION TO ANY OTHER CREDITS ALLOWED UNDER THIS CHAPTER.

(B) ELIGIBILITY. TO BE ELIGIBLE FOR THE DIGITAL GAME DEVELOPMENT TAX CREDIT, THE TAXPAYER SHALL BE AN ANCHOR TENANT PURSUANT TO SECTION SIXTEEN-W OF THE URBAN DEVELOPMENT CORPORATION ACT AND SHALL HAVE BEEN

1 ISSUED AN APPROVED CERTIFICATE OF ELIGIBILITY BY THE COMMISSIONER OF
2 ECONOMIC DEVELOPMENT PURSUANT TO SUBDIVISION FIVE OF SECTION FOUR
3 HUNDRED THIRTY-THREE OF THE ECONOMIC DEVELOPMENT LAW. THE TAXPAYER SHALL
4 BE ALLOWED TO CLAIM ONLY THE AMOUNT LISTED ON THE CERTIFICATE OF TAX
5 CREDIT FOR EACH TAXABLE YEAR.

6 (C) THE CREDIT AUTHORIZED BY THIS SECTION SHALL BE FOR FIFTEEN PERCENT
7 OF QUALIFIED EXPENDITURES. THE TAXPAYER SHALL RECEIVE AN ADDITIONAL FOUR
8 PERCENT OF QUALIFIED EXPENDITURES IF MORE THAN TWENTY-FIVE PERCENT OF
9 SUCH EXPENDITURES OCCURRED FOR PURCHASE OF SERVICES, GOODS, AND USE OF
10 PERSONNEL FROM WITHIN THE CLUSTER OF DIGITAL GAME DEVELOPMENT OR DIGITAL
11 GAME SOFTWARE COMPANIES AND PUBLISHERS AND SUPPORT COMPANIES WHERE THE
12 ANCHOR TENANT IS RESIDENT.

13 (D) CREDITS AUTHORIZED PURSUANT TO THIS SECTION SHALL NOT EXCEED A
14 TOTAL AMOUNT OF SIX MILLION DOLLARS FOR ANY INDIVIDUAL ELIGIBLE
15 PRODUCTION UNDERTAKEN BY ANY SUCH ANCHOR TENANT TAXPAYER AND SHALL
16 EXPIRE FOUR YEARS AFTER THE DATE ON WHICH THE TAX CREDITS ARE ISSUED. IF
17 THE AMOUNT OF THE CREDIT AND CARRYOVERS OF SUCH CREDIT ALLOWED UNDER
18 THIS SECTION FOR ANY TAXABLE YEAR SHALL EXCEED THE TAXPAYER'S TAX FOR
19 SUCH YEAR, ANY AMOUNT OF CREDIT OR CARRYOVERS OF SUCH CREDIT THUS NOT
20 DEDUCTIBLE IN SUCH TAXABLE YEAR MAY BE CARRIED OVER TO THE FOLLOWING
21 YEAR OR YEARS AND MAY BE DEDUCTED FROM THE TAX FOR SUCH YEAR OR YEARS.

22 (E) NOTWITHSTANDING ANY PROVISION OF THIS CHAPTER, THE COMMISSIONER OR
23 THE COMMISSIONER'S DESIGNEE IS AUTHORIZED TO RELEASE THE NAME OF EACH
24 TAXPAYER CLAIMING THE CREDIT AND THE AMOUNT OF THE CREDIT EARNED BY EACH
25 TAXPAYER. HOWEVER, IF THE TAXPAYER CLAIMS A CREDIT BECAUSE THE TAXPAYER
26 IS A MEMBER OF A LIMITED LIABILITY COMPANY, A PARTNER IN A PARTNERSHIP
27 OR A SHAREHOLDER IN A SUBCHAPTER S CORPORATION, ONLY THE NAME OF A
28 LIMITED LIABILITY COMPANY, PARTNERSHIP OR SUBCHAPTER S CORPORATION AND
29 THE AMOUNT OF CREDIT EARNED BY THAT ENTITY MAY BE RELEASED.

30 (F) CREDIT RECAPTURE. IF A CERTIFICATE OF ELIGIBILITY ISSUED BY THE
31 COMMISSIONER OF ECONOMIC DEVELOPMENT IS REVOKED, THE AMOUNT OF CREDIT
32 DESCRIBED IN THIS SECTION AND CLAIMED BY THE TAXPAYER PRIOR TO THAT
33 REVOCATION SHALL BE ADDED BACK TO TAX IN THE TAXABLE YEAR IN WHICH ANY
34 SUCH REVOCATION BECOMES FINAL.

35 (G) ALLOCATION OF CREDIT. THE AGGREGATE AMOUNT OF TAX CREDITS ALLOWED
36 UNDER THIS SUBDIVISION, IN ANY CALENDAR YEAR SHALL BE FIVE MILLION
37 DOLLARS IN TWO THOUSAND FIFTEEN, TWO THOUSAND SIXTEEN AND TWO THOUSAND
38 SEVENTEEN, AND SEVEN MILLION DOLLARS IN TWO THOUSAND EIGHTEEN AND THERE-
39 AFTER. SUCH AGGREGATE AMOUNT OF CREDITS SHALL BE ALLOCATED BASED UPON
40 THE DATE OF FILING AN APPLICATION FOR ALLOCATION OF CREDIT. IF THE TOTAL
41 AMOUNT OF ALLOCATED CREDITS APPLIED FOR IN ANY PARTICULAR YEAR EXCEEDS
42 THE AGGREGATE AMOUNT OF TAX CREDITS ALLOWED FOR SUCH YEAR UNDER THIS
43 SECTION, SUCH EXCESS SHALL BE TREATED AS HAVING BEEN APPLIED FOR ON THE
44 FIRST DAY OF THE SUBSEQUENT YEAR.

45 S 6. Severability. If any clause, sentence, paragraph, subdivision,
46 section or part of this act shall be adjudged by any court of competent
47 jurisdiction to be invalid, such judgment shall not affect, impair, or
48 invalidate the remainder thereof, but shall be confined in its operation
49 to the clause, sentence, paragraph, subdivision, section or part thereof
50 directly involved in the controversy in which such judgment shall have
51 been rendered. It is hereby declared to be the intent of the legislature
52 that this act would have been enacted even if such invalid provisions
53 had not been included herein.

54 S 7. This act shall take effect on the ninetieth day after it shall
55 have become a law; provided that section five of this act shall take
56 effect January 1, 2015.

1

PART XXX

2 Section 1. Subdivision 8 of section 16-v of section 1 of chapter 174
3 of the laws of 1968 constituting the urban development corporation act,
4 as added by section 1 of part C of chapter 59 of the laws of 2013, is
5 amended to read as follows:

6 8. (A) New York state innovation hot spots may certify clients which
7 meet the requirements of subdivision nine of this section as qualified
8 entities eligible for New York state innovation hot spot program tax
9 benefits pursuant to section thirty-eight of the tax law. Under no
10 circumstance may business enterprises of incubators designated as New
11 York state incubators under paragraph (b) of subdivision one of this
12 section be eligible for tax benefits under section thirty-eight of the
13 tax law.

14 (B) BUSINESS ENTERPRISES DESIGNATED AS NEW YORK STATE INCUBATORS UNDER
15 PARAGRAPH (B) OF SUBDIVISION ONE OF THIS SECTION OR AS NEW YORK STATE
16 INNOVATION HOT SPOTS MAY CERTIFY CLIENTS WHICH MEET THE REQUIREMENTS OF
17 QUALIFIED ENTITIES ELIGIBLE FOR TAX BENEFITS UNDER SECTION
18 THIRTY-EIGHT-A OF THE TAX LAW. SUCH CERTIFICATION AND ANY CHANGES IN
19 CERTIFICATION SHALL BE FILED WITH THE CORPORATION, WHICH SHALL NOTIFY
20 THE DEPARTMENT OF TAXATION AND FINANCE. CERTIFICATIONS REGARDING INVEST-
21 MENTS AND TAX CREDITS REQUIRED TO BE PROVIDED TO NEW YORK STATE INCUBA-
22 TORS UNDER SECTION THIRTY-EIGHT-A OF THE TAX LAW SHALL ALSO BE FILED
23 WITH THE CORPORATION. A QUALIFIED ENTITY SHALL SURRENDER ITS CERTIF-
24 ICATION IF IT LEAVES OR GRADUATES THE INCUBATOR PROGRAM OR IF IT IS SOLD
25 OR OTHERWISE DISPOSED OF, OR LEAVES THE STATE, OR IF ITS CERTIFICATE
26 OTHERWISE EXPIRES.

27 S 2. The tax law is amended by adding a new section 38-a to read as
28 follows:

29 S 38-A. NEW YORK STATE INCUBATOR AND INNOVATION HOTSPOT PROGRAM TAX
30 BENEFITS. (A) A BUSINESS OR OWNER OF A BUSINESS IN THE CASE OF A BUSI-
31 NESS TAXED AS A PARTNERSHIP OR NEW YORK S CORPORATION, THAT IS A QUALI-
32 FIED ENTITY AND MEETS THE REQUIREMENTS OF THIS SECTION, IS ELIGIBLE FOR
33 THE TAX BENEFITS DESCRIBED IN THIS SECTION. AS USED IN THIS CHAPTER,

34 (1) "NEW YORK STATE INCUBATOR" AND "NEW YORK STATE INNOVATION HOTSPOT"
35 HAVE THE SAME MEANING AS UNDER SECTION SIXTEEN-V OF THE NEW YORK STATE
36 URBAN DEVELOPMENT CORPORATION ACT.

37 (2) "QUALIFIED ENTITY" MEANS A BUSINESS ENTERPRISE THAT MEETS THE
38 APPLICABLE REQUIREMENTS OF THIS SECTION AND PARAGRAPHS (I) AND (II) OF
39 SUBDIVISION NINE OF SECTION SIXTEEN-V OF THE NEW YORK STATE URBAN DEVEL-
40 OPMENT CORPORATION ACT, AND INCLUDES A CORPORATION, A LIMITED LIABILITY
41 CORPORATION, PARTNERSHIP, OR OTHER BUSINESS ENTITY, BUT NOT A SOLE
42 PROPRIETOR.

43 (3) "RELATED PERSON" MEANS A "RELATED PERSON" AS SUCH TERM IS DEFINED
44 IN SUBDIVISION EIGHT OF SECTION FOUR HUNDRED THIRTY-ONE OF THE ECONOMIC
45 DEVELOPMENT LAW.

46 (4) "AFFILIATES" MEANS THOSE ENTITIES THAT ARE MEMBERS OF THE SAME
47 AFFILIATED GROUP (AS DEFINED IN SECTION FIFTEEN HUNDRED FOUR OF THE
48 INTERNAL REVENUE CODE) AS THE ENTITY.

49 (5) "QUALIFIED EMERGING TECHNOLOGY COMPANY" HAS THE SAME MEANING AS IN
50 PARAGRAPH (C) OF SUBDIVISION ONE OF SECTION THIRTY-ONE HUNDRED TWO-E OF
51 THE PUBLIC AUTHORITIES LAW, EXCEPT THAT IT ALSO HAS FEWER THAN ONE
52 HUNDRED EMPLOYEES OF WHOM AT LEAST SEVENTY-FIVE PERCENT ARE LOCATED IN
53 NEW YORK STATE, AND SHALL HAVE INVESTED RESEARCH AND DEVELOPMENT FUNDS
54 IN AN AMOUNT EQUAL TO SIX PERCENT OR MORE OF NET SALES DURING ITS TAXA-
55 BLE YEAR.

(B) ANGEL INVESTMENT CREDIT. (1) A QUALIFIED INVESTOR THAT IS A TAXPAYER UNDER ARTICLE TWENTY-TWO OF THIS CHAPTER SHALL BE ALLOWED A CREDIT AGAINST SUCH TAX TO BE COMPUTED AS HEREINAFTER PROVIDED. THE AMOUNT OF THE CREDIT SHALL BE EQUAL TO THIRTY PERCENT OF EACH QUALIFIED INVESTMENT IN A QUALIFIED ENTITY MADE DURING THE TAXABLE YEAR.

(I) A QUALIFIED INVESTMENT IS AN INVESTMENT OF TWO HUNDRED FIFTY THOUSAND DOLLARS OR LESS, INCLUDING AT LEAST TWENTY-FIVE THOUSAND DOLLARS IN CASH OR CASH EQUIVALENT, COMPRISED OF EQUITY SECURITY IN COMMON STOCK, PREFERRED STOCK, AN INTEREST IN A PARTNERSHIP OR LIMITED LIABILITY COMPANY, A SECURITY THAT IS CONVERTIBLE INTO AN EQUITY SECURITY OR ANY OTHER EQUITY SECURITY DETERMINED AS ELIGIBLE BY THE COMMISSIONER AFTER CONSULTATION WITH THE DEPARTMENT OF ECONOMIC DEVELOPMENT. AN INVESTMENT WHICH COMPRISES ACQUISITION OR CONTROL OF THE ELIGIBLE ENTITY OR ACQUISITION OF THE ASSETS AND LIABILITIES OF SUCH ELIGIBLE ENTITY, OR WHICH IS NOT REPORTED TO THE NEW YORK STATE INCUBATOR OF WHICH THE ELIGIBLE ENTITY IS A CLIENT WITHIN SIXTY CALENDAR DAYS AFTER THE INVESTMENT IS MADE WILL NOT BE DEEMED A QUALIFIED INVESTMENT.

(II) A QUALIFIED INVESTOR, INCLUDING THE AFFILIATES AND RELATED PERSONS OF THE QUALIFIED INVESTOR, SHALL NOT HAVE OWNED OR POSSESSED MORE THAN THIRTY PERCENT OF THE TOTAL VOTING POWER OF ALL EQUITY SECURITIES OF THE QUALIFIED ENTITY PRIOR TO THE INVESTMENT.

(III) A QUALIFIED ENTITY, IN ADDITION TO REQUIREMENTS SET FORTH BY SUBDIVISION (A) OF THIS SECTION, MUST ALSO:

A. HAVE ASSETS OF LESS THAN TEN MILLION DOLLARS, EXCLUSIVE OF QUALIFIED INVESTMENTS. AS USED IN THIS SUBPARAGRAPH, THE TERM "ASSET" MEANS ANY OWNED PROPERTY THAT HAS VALUE INCLUDING FINANCIAL AND PHYSICAL ASSETS, BUT NOT INTELLECTUAL PROPERTY;

B. CURRENTLY BE CERTIFIED AS A CLIENT OF A NEW YORK STATE INCUBATOR OR NEW YORK STATE INNOVATION HOTSPOT, AND HAVE BEEN A CLIENT OF SUCH INCUBATOR OR HOTSPOT FOR FOUR YEARS OR LESS;

C. MAINTAIN AT LEAST SEVENTY-FIVE PERCENT OF ITS OPERATIONS AND FULL TIME COMPENSATED PERSONNEL (IF ANY) IN THIS STATE.

(2) A QUALIFIED ENTITY MAY RECEIVE UP TO ONE MILLION DOLLARS IN QUALIFIED INVESTMENTS BY QUALIFIED INVESTORS IN ANY CALENDAR YEAR.

(3) A QUALIFIED INVESTOR MAY CLAIM ONE-THIRD OF THE CREDIT RESULTING FROM ITS QUALIFIED INVESTMENT IN A TAXABLE YEAR FOR THREE SUCCESSIVE YEARS. IF THE AMOUNT OF THE CREDIT AND CARRYOVERS OF SUCH CREDIT ALLOWED UNDER THIS SECTION FOR ANY TAXABLE YEAR SHALL EXCEED THE TAXPAYER'S TAX FOR SUCH YEAR, ANY AMOUNT OF CREDIT OR CARRYOVERS OF SUCH CREDIT NOT DEDUCTIBLE IN SUCH TAXABLE YEAR MAY BE CARRIED OVER TO THE FOLLOWING YEAR OR YEARS AND MAY BE DEDUCTED FROM THE TAX FOR SUCH YEAR OR YEARS. A QUALIFIED INVESTOR SHALL CERTIFY TO THE COMMISSIONER THAT THE QUALIFIED INVESTMENT WILL NOT BE SOLD, TRANSFERRED, TRADED, OR DISPOSED OF DURING THE THREE YEARS FOLLOWING THE YEAR IN WHICH THE CREDIT IS FIRST CLAIMED, SEPARATE FROM ANY SALE OR OTHER DISPOSITION OF THE ELIGIBLE ENTITY. QUALIFIED INVESTORS SHALL INCLUDE A COPY OF THE CERTIFICATE OF ELIGIBILITY WITH THEIR TAX RETURN.

(4) CREDIT RECAPTURE. IF A CERTIFICATE OF ELIGIBILITY IS REVOKED OR SURRENDERED BECAUSE THE QUALIFIED ENTITY HAS BEEN SOLD, EXCHANGED, OR TRANSFERRED, THE AMOUNT OF CREDIT DESCRIBED IN THIS SUBDIVISION AND CLAIMED BY THE TAXPAYER PRIOR TO THAT REVOCATION SHALL BE ADDED BACK TO TAX IN THE TAXABLE YEAR IN WHICH ANY SUCH REVOCATION BECOMES FINAL. THIS PROVISION SHALL NOT APPLY IN THE CASE OF A BANKRUPTCY.

(5) ALLOCATION OF CREDIT. THE AGGREGATE AMOUNT OF TAX CREDITS ALLOWED UNDER THIS SUBDIVISION, IN ANY CALENDAR YEAR SHALL BE FIVE MILLION DOLLARS IN TWO THOUSAND FIFTEEN, TWO THOUSAND SIXTEEN AND TWO THOUSAND

SEVENTEEN, AND SEVEN MILLION DOLLARS IN TWO THOUSAND EIGHTEEN AND THEREAFTER. SUCH AGGREGATE AMOUNT OF CREDITS SHALL BE ALLOCATED BASED UPON THE DATE OF FILING AN APPLICATION FOR ALLOCATION OF CREDIT. IF THE TOTAL AMOUNT OF ALLOCATED CREDITS APPLIED FOR IN ANY PARTICULAR YEAR EXCEEDS THE AGGREGATE AMOUNT OF TAX CREDITS ALLOWED FOR SUCH YEAR UNDER THIS SECTION, SUCH EXCESS SHALL BE TREATED AS HAVING BEEN APPLIED FOR ON THE FIRST DAY OF THE SUBSEQUENT YEAR.

(C) RESEARCH AND DEVELOPMENT CREDIT. (1) A QUALIFIED ENTITY THAT IS ALSO A QUALIFIED EMERGING TECHNOLOGY COMPANY THAT IS A TAXPAYER UNDER ARTICLE TWENTY-TWO OR ARTICLE NINE-A OF THIS CHAPTER AND IS A CLIENT OF A NEW YORK STATE INCUBATOR OR A NEW YORK STATE INNOVATION HOTSPOT SHALL BE ALLOWED CREDITS AGAINST SUCH TAX TO BE COMPUTED AS HEREINAFTER PROVIDED.

(2) THE RESEARCH AND DEVELOPMENT PROPERTY CREDIT SHALL BE EIGHTEEN PERCENT OF THE COST OR OTHER BASIS FOR FEDERAL INCOME TAX PURPOSES OF RESEARCH AND DEVELOPMENT PROPERTY ACQUIRED BY THE TAXPAYER AND PLACED IN SERVICE DURING THE TAXABLE YEAR, PROVIDED THAT IT MEETS THE DEFINITION OF CLAUSE (II) OF SUBPARAGRAPH (B) OF PARAGRAPH TWO OF SUBSECTION (A) OF SECTION SIX HUNDRED SIX OF THIS CHAPTER AND WOULD QUALIFY FOR A CREDIT UNDER SECTION 41 OF THE INTERNAL REVENUE CODE. SUCH PROPERTY SHALL NOT INCLUDE LAND OR BUILDINGS. THE COSTS, EXPENSES AND OTHER AMOUNTS FOR WHICH A CREDIT IS ALLOWED AND CLAIMED UNDER THIS PARAGRAPH SHALL NOT BE USED IN THE CALCULATION OF ANY OTHER CREDIT ALLOWED UNDER THIS ARTICLE.

(3) THE RESEARCH AND DEVELOPMENT TECHNOLOGY EXPENDITURES CREDIT SHALL BE NINE PERCENT OF QUALIFIED RESEARCH AND DEVELOPMENT EXPENDITURES, PAID OR INCURRED BY THE TAXPAYER IN THE TAXABLE YEAR IN EMERGING TECHNOLOGIES DEFINED BY PARAGRAPH (B) OF SUBDIVISION ONE OF SECTION THIRTY-ONE HUNDRED TWO-E OF THE PUBLIC AUTHORITIES LAW. FOR PURPOSES OF THIS PARAGRAPH, "QUALIFIED RESEARCH AND DEVELOPMENT EXPENDITURES" MEANS THE EXPENSES OF THE QUALIFIED ENTITY THAT ARE QUALIFIED RESEARCH EXPENSES UNDER THE FEDERAL RESEARCH AND DEVELOPMENT CREDIT UNDER SECTION FORTY-ONE OF THE INTERNAL REVENUE CODE AND ARE ATTRIBUTABLE TO ACTIVITIES CONDUCTED IN THE STATE. IF THE FEDERAL RESEARCH AND DEVELOPMENT CREDIT HAS EXPIRED, THEN THE RESEARCH AND DEVELOPMENT EXPENDITURES SHALL BE CALCULATED AS IF THE FEDERAL RESEARCH AND DEVELOPMENT CREDIT STRUCTURE AND DEFINITION IN EFFECT IN FEDERAL TAX YEAR TWO THOUSAND NINE WERE STILL IN EFFECT. SUCH QUALIFIED RESEARCH AND DEVELOPMENT EXPENDITURES SHALL ALSO INCLUDE COSTS ASSOCIATED WITH THE PREPARATION OF PATENT APPLICATIONS, PATENT APPLICATION FILING FEES, PATENT RESEARCH FEES, PATENT EXAMINATIONS FEES, PATENT POST ALLOWANCE FEES AND PATENT MAINTENANCE FEES, BUT NOT ADVERTISING OR PROMOTION THROUGH MEDIA OR EXPENSES FOR LITIGATION OR THE CHALLENGE OF ANOTHER ENTITY'S INTELLECTUAL PROPERTY RIGHTS.

(4) A QUALIFIED ENTITY MAY CLAIM CREDITS UNDER THIS SUBDIVISION FOR FOUR CONSECUTIVE TAXABLE YEARS, OR FOR SO LONG AS IT IS A CLIENT OF A NEW YORK STATE INCUBATOR OR A NEW YORK STATE INNOVATION HOTSPOT, WHICHEVER PERIOD IS SHORTER. IN NO CASE SHALL THE AMOUNT OF THE CREDIT ALLOWED BY THIS SUBDIVISION TO A TAXPAYER EXCEED TWO HUNDRED FIFTY THOUSAND DOLLARS PER YEAR. IF THE TAXPAYER IS A PARTNER IN A PARTNERSHIP OR SHAREHOLDER OF A NEW YORK S CORPORATION, THEN THE LIMIT IMPOSED BY THE PRECEDING SENTENCE SHALL BE APPLIED AT THE ENTITY LEVEL, SO THAT THE AGGREGATE CREDIT ALLOWED TO ALL THE PARTNERS OR SHAREHOLDERS OF EACH SUCH ENTITY IN THE TAXABLE YEAR DOES NOT EXCEED TWO HUNDRED FIFTY THOUSAND DOLLARS. IF THE AMOUNT OF CREDIT ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR SHALL EXCEED THE TAXPAYER'S TAX FOR SUCH YEAR, THE EXCESS SHALL BE TREATED AS AN OVERPAYMENT OF TAX TO BE CREDITED OR

1 REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF SECTION SIX HUNDRED EIGHT-
2 Y-SIX OF THIS CHAPTER, PROVIDED, HOWEVER, THAT NO INTEREST SHALL BE PAID
3 THEREON.

4 (5) CREDIT RECAPTURE. IF A CERTIFICATE OF ELIGIBILITY IS REVOKED OR
5 SURRENDERED BECAUSE THE QUALIFIED ENTITY HAS BEEN SOLD, EXCHANGED, OR
6 TRANSFERRED, THE AMOUNT OF CREDIT DESCRIBED IN THIS SUBDIVISION AND
7 CLAIMED BY THE TAXPAYER PRIOR TO THAT REVOCATION SHALL BE ADDED BACK TO
8 TAX IN THE TAXABLE YEAR IN WHICH ANY SUCH REVOCATION BECOMES FINAL.
9 THIS PROVISION SHALL NOT APPLY IN THE CASE OF A BANKRUPTCY.

10 (6) ALLOCATION OF CREDIT. THE AGGREGATE AMOUNT OF TAX CREDITS ALLOWED
11 UNDER THIS SECTION, IN ANY CALENDAR YEAR SHALL BE FIVE MILLION DOLLARS
12 IN TWO THOUSAND FIFTEEN, TWO THOUSAND SIXTEEN AND TWO THOUSAND SEVEN-
13 TEEN, AND SEVEN MILLION DOLLARS IN TWO THOUSAND EIGHTEEN AND THEREAFTER.
14 SUCH AGGREGATE AMOUNT OF CREDITS SHALL BE ALLOCATED BASED UPON THE DATE
15 OF FILING AN APPLICATION FOR ALLOCATION OF CREDIT. IF THE TOTAL AMOUNT
16 OF ALLOCATED CREDITS APPLIED FOR IN ANY PARTICULAR YEAR EXCEEDS THE
17 AGGREGATE AMOUNT OF TAX CREDITS ALLOWED FOR SUCH YEAR UNDER THIS
18 SECTION, SUCH EXCESS SHALL BE TREATED AS HAVING BEEN APPLIED FOR ON THE
19 FIRST DAY OF THE SUBSEQUENT YEAR.

20 (7) CROSS-REFERENCES. FOR APPLICATION OF THE TAX BENEFITS PROVIDED FOR
21 IN THIS SUBDIVISION, SEE THE FOLLOWING PROVISIONS OF THIS CHAPTER:

22 (I) ARTICLE 9-A, SECTION 210, SUBDIVISION 48.

23 (II) ARTICLE 22, SECTION 606, SUBSECTION (BBB).

24 S 3. Subsections (yy) and (zz) of section 606 of the tax law, as
25 relettered by section 5 of part H of chapter 1 of the laws of 2003, are
26 relettered subsections (yyy) and (zzz) and a new subsection (bbb) is
27 added to read as follows:

28 (BBB) RESEARCH AND DEVELOPMENT CREDIT. A TAXPAYER SHALL BE ALLOWED A
29 CREDIT, TO BE COMPUTED AS PROVIDED IN SECTION THIRTY-EIGHT-A OF THIS
30 CHAPTER, AGAINST THE TAX IMPOSED BY THIS ARTICLE. IF THE AMOUNT OF THE
31 CREDIT ALLOWED UNDER THIS SUBSECTION FOR ANY TAXABLE YEAR SHALL EXCEED
32 THE TAXPAYER'S TAX FOR SUCH YEAR, THE EXCESS SHALL BE TREATED AS AN
33 OVERPAYMENT OF TAX TO BE CREDITED OR REFUNDED IN ACCORDANCE WITH THE
34 PROVISIONS OF SECTION SIX HUNDRED EIGHTY-SIX OF THIS ARTICLE, PROVIDED,
35 HOWEVER, THAT NO INTEREST SHALL BE PAID THEREON.

36 S 4. Section 210 of the tax law is amended by adding a new subdivision
37 48 to read as follows:

38 48. RESEARCH AND DEVELOPMENT CREDIT. A TAXPAYER SHALL BE ALLOWED A
39 CREDIT, TO BE COMPUTED AS PROVIDED IN SECTION THIRTY-EIGHT-A OF THIS
40 CHAPTER, AGAINST THE TAX IMPOSED BY THIS ARTICLE. IF THE AMOUNT OF THE
41 CREDIT ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR SHALL EXCEED
42 THE TAXPAYER'S TAX FOR SUCH YEAR, THE EXCESS SHALL BE TREATED AS AN
43 OVERPAYMENT OF TAX TO BE CREDITED OR REFUNDED IN ACCORDANCE WITH THE
44 PROVISIONS OF SECTION TEN HUNDRED EIGHTY-SIX OF THIS CHAPTER, PROVIDED,
45 HOWEVER, THE PROVISIONS OF SUBSECTION (C) OF SECTION ONE THOUSAND EIGHT-
46 Y-EIGHT OF THIS CHAPTER NOTWITHSTANDING, NO INTEREST SHALL BE PAID THER-
47 EON.

48 S 5. Subparagraph (B) of paragraph 1 of subsection (i) of section 606
49 of the tax law is amended by adding a new clause (xxxvii) to read as
50 follows:

51 (XXXVII) RESEARCH AND
52 DEVELOPMENT CREDIT
53 UNDER SUBSECTION (BBB)

AMOUNT OF CREDIT
UNDER SUBDIVISION
FORTY-EIGHT OF
SECTION TWO HUNDRED TEN

1 S 6. Paragraph (a) of subdivision 9 of section 208 of the tax law is
2 amended by adding a new subparagraph 19 to read as follows:

3 (19) ANY OTHER PROVISION OF ANY OTHER LAW TO THE CONTRARY NOTWITH-
4 STANDING, FOR QUALIFIED PROPERTY AS DESCRIBED IN SECTION 167, 168 OR 179
5 OF THE INTERNAL REVENUE CODE WHICH WAS ACQUIRED BY AN ENTITY DESIGNATED
6 AS A NEW YORK STATE INCUBATOR OR NEW YORK STATE INNOVATION HOTSPOT
7 PURSUANT TO SECTION SIXTEEN-V OF THE URBAN DEVELOPMENT CORPORATION ACT,
8 OR BY A TAXPAYER WHICH IS CURRENTLY, OR WHICH WAS A TENANT IN OR CLIENT
9 OF SUCH NEW YORK STATE INCUBATOR OR HOTSPOT BUT GRADUATED WITHIN THE
10 PREVIOUS TWO YEARS, THAT WAS PLACED IN SERVICE DURING A TAXABLE YEAR
11 BEGINNING WITH A TAXABLE YEAR DURING WHICH THE TAXPAYER WAS A TENANT IN
12 OR CLIENT OF A NEW YORK STATE INCUBATOR OR HOTSPOT OR WITHIN TWO YEARS
13 OF GRADUATION THEREFROM AND ENDING ON THE FIFTH TAXABLE YEAR THEREAFTER,
14 THE TAXPAYER MAY ELECT TO DEDUCT DEPRECIATION FOR SUCH PROPERTY IN AN
15 AMOUNT THAT IS EQUAL TO ONE HUNDRED PERCENT OF THE DEPRECIATION OF THE
16 QUALIFIED PROPERTY FOR THE TOTAL OF ITS USEFUL LIFE THAT WOULD OTHERWISE
17 BE ALLOWED PURSUANT TO SUCH SECTION 167, 168 OR 179 OF THE INTERNAL
18 REVENUE CODE, PROVIDED THAT FOR ANY QUALIFIED PROPERTY FOR WHICH SUCH
19 TAXPAYER DOES NOT MAKE SUCH ELECTION, THE TAXPAYER SHALL BE ALLOWED THE
20 DEPRECIATION DEDUCTION ALLOWED PURSUANT TO SECTION 167, 168 OR 179 OF
21 THE INTERNAL REVENUE CODE. A TAXPAYER WHO ELECTS TO DEDUCT DEPRECIATION
22 IN AN AMOUNT THAT IS EQUAL TO ONE HUNDRED PERCENT OF THE COST OF PROPER-
23 TY PLACED IN SERVICE DURING THE TAXABLE YEAR MAY NOT CLAIM ANY OTHER
24 DEDUCTION ON THE COST OF SUCH PROPERTY. IF PROPERTY ON WHICH DEPRECI-
25 ATION HAS BEEN TAKEN IS DISPOSED OF PRIOR TO THE END OF ITS USEFUL LIFE,
26 THE TAXPAYER SHALL IN THE YEAR OF DISPOSITION ADD BACK THE DIFFERENCE
27 BETWEEN THE DEPRECIATION TAKEN AND THE DEPRECIATION ALLOWABLE PURSUANT
28 TO SECTION 167 OF THE INTERNAL REVENUE CODE FOR EACH YEAR OF THE REMAIN-
29 ING USEFUL LIFE OF THE PROPERTY.

30 S 7. Paragraph (o) of subdivision 9 of section 208 of the tax law, as
31 added by section 3 of part 03 of chapter 62 of the laws of 2003, is
32 amended to read as follows:

33 (o) For taxable years beginning after December thirty-first, two thou-
34 sand two, in the case of qualified property described in paragraph two
35 of subsection k of section 168 of the internal revenue code, other than
36 qualified resurgence zone property described in paragraph (q) of this
37 subdivision, and other than qualified New York Liberty Zone property
38 described in paragraph two of subsection b of section 1400L of the
39 internal revenue code (without regard to clause (i) of subparagraph (C)
40 of such paragraph), which was placed in service on or after June first,
41 two thousand three, AND OTHER THAN PROPERTY ACQUIRED BY A NEW YORK STATE
42 INCUBATOR OR NEW YORK STATE INNOVATION HOTSPOT DESIGNATED PURSUANT TO
43 SECTION SIXTEEN-V OF THE URBAN DEVELOPMENT CORPORATION ACT, OR BY A
44 TAXPAYER WHICH IS CURRENTLY, OR WHICH WAS A CLIENT OF SUCH NEW YORK
45 STATE INCUBATOR OR HOTSPOT DURING A PERIOD OF FIVE TAXABLE YEARS, BEGIN-
46 NING WITH THE FIRST TAXABLE YEAR DURING WHICH THE TAXPAYER WAS A TENANT
47 IN OR CLIENT OF SUCH NEW YORK STATE INCUBATOR OR WITHIN TWO YEARS OF
48 GRADUATION THEREFROM, a taxpayer shall be allowed with respect to such
49 property the depreciation deduction allowable under section 167 of the
50 internal revenue code as such section would have applied to such proper-
51 ty had it been acquired by the taxpayer on September tenth, two thousand
52 one.

53 S 8. Section 16-v of section 1 of chapter 174 of the laws of 1968
54 constituting the urban development corporation act is amended by adding
55 two new subdivisions 6-a and 6-b to read as follows:

1 6-A. PROCUREMENT. A CLIENT OF A NEW YORK STATE INCUBATOR OR NEW YORK
2 STATE INNOVATION HOTSPOT DESIGNATED PURSUANT TO THIS SECTION SHALL BE
3 DEEMED A SMALL BUSINESS CONCERN PURSUANT TO SUBDIVISION SIX OF SECTION
4 ONE HUNDRED SIXTY-THREE AND PARAGRAPH N OF SUBDIVISION TWO OF SECTION
5 ONE HUNDRED SIXTY-ONE OF THE STATE FINANCE LAW. THE CORPORATION SHALL
6 COLLABORATE WITH THE COMMISSIONER OF THE OFFICE OF GENERAL SERVICES, AND
7 THE COMMISSIONER OF THE DEPARTMENT OF ECONOMIC DEVELOPMENT, WHO SHALL
8 USE HIS OR HER MEMBERSHIP ON THE STATE PROCUREMENT COUNCIL, TO ADVANCE,
9 TARGET, AND DEVELOP PROCUREMENT PROGRAMS FOR THE PURCHASE OF SERVICES
10 AND COMMODITIES, INCLUDING TECHNOLOGIES OR COMMODITIES THAT ARE RECYCLED
11 OR REMANUFACTURED, TOWARD CLIENTS OF NEW YORK STATE INCUBATORS. THE
12 CORPORATION SHALL ADDITIONALLY, THROUGH MEMBERSHIP ON THE STATE PROCURE-
13 MENT COUNCIL AND COLLABORATION WITH THE CORPORATION OF GENERAL SERVICES
14 AND OTHER STATE AGENCIES, DEVELOP OPPORTUNITIES FOR TEAMING ON CONTRACTS
15 BETWEEN SMALL BUSINESS CONCERNS WHICH ARE CLIENTS OF NEW YORK STATE
16 INCUBATORS OR NEW YORK STATE INNOVATION HOTSPOTS AND OTHER BUSINESS
17 ENTITIES WHICH MAY PROVIDE RESOURCES OR CREDIT NECESSARY FOR THE
18 SUCCESSFUL COMPLETION OF CONTRACT REQUIREMENTS FOR SUCH COMMODITIES,
19 SERVICES, OR TECHNOLOGIES BY SUCH SMALL BUSINESS CONCERNS.

20 6-B. INCUBATORS AS EDUCATIONAL ENTITIES. REAL PROPERTY OWNED OR LEASED
21 BY A NEW YORK STATE INCUBATOR OR NEW YORK STATE INNOVATION HOTSPOT WHICH
22 IS A NONPROFIT ORGANIZATION HAVING TAX EXEMPT STATUS UNDER SECTION
23 501(C)(3) OF THE INTERNAL REVENUE CODE, OR WHICH IS A NEW YORK STATE
24 INCUBATOR OR NEW YORK STATE INNOVATION HOTSPOT OWNED AND SPONSORED BY A
25 NONPROFIT ORGANIZATION HAVING SUCH TAX EXEMPT STATUS, OR WHICH IS AFFIL-
26 IATED WITH A COLLEGE CHARTERED BY THE REGENTS OF THE STATE OF NEW YORK
27 OR A COLLEGE INCORPORATED BY SPECIAL ACT OF THE LEGISLATURE, AND WHICH
28 IS USED FOR THE PURPOSES DESCRIBED IN THIS SECTION OF TRAINING, EDUCAT-
29 ING, MENTORING, AND DEVELOPING CLIENT ENTREPRENEURS AND BUSINESS ENTI-
30 TIES, WHICH ARE THE CRITERIA FOR DESIGNATION OF A PROGRAM AS A NEW YORK
31 STATE INCUBATOR OR NEW YORK STATE INNOVATION HOTSPOT, SHALL BE DEEMED TO
32 BE PROPERTY OF AN EDUCATIONAL CORPORATION FOR PURPOSES OF SECTION FOUR
33 HUNDRED TWENTY-A OF THE REAL PROPERTY TAX LAW, INCLUDING ANY CLASSROOMS,
34 CONFERENCE ROOMS, LABORATORY, MEETING SPACE, ADMINISTRATION AREA, KITCH-
35 EN AREA, PARKING, STORAGE, OR OTHER AREA WHICH IS USED PRIMARILY TO
36 PROVIDE DIRECT AND INDIRECT SERVICES TO RESIDENT CLIENTS OF SUCH FACILI-
37 TY, AND INCLUDING SPACE FOR RESIDENT CLIENTS OFFICES PURSUANT TO A
38 LICENSE OR LEASE BETWEEN SUCH INCUBATOR AND RESIDENT CLIENTS, NOTWITH-
39 STANDING THAT SUCH RESIDENT CLIENTS MAY, OR MAY NOT BE, NOT-FOR-PROFIT
40 ORGANIZATIONS. ANY PORTION OF SUCH REAL PROPERTY WHICH IS LEASED OR
41 LICENSED TO AN INDIVIDUAL OR BUSINESS ENTITY WHICH IS NOT A RESIDENT
42 CLIENT OF THE NEW YORK STATE INCUBATOR OR NEW YORK STATE INNOVATION
43 HOTSPOT OR THE PROGRAM DESCRIBED IN THIS SUBDIVISION WHICH IS ELIGIBLE
44 TO RECEIVE OR IS RECEIVING STABILIZATION GRANTS, OR WHICH DOES NOT
45 OTHERWISE MEET THE REQUIREMENTS OF SUBDIVISION ONE OF SECTION FOUR
46 HUNDRED TWENTY-A OF THE REAL PROPERTY TAX LAW, SHALL BE SUBJECT TO THE
47 PROVISIONS OF SUBDIVISION TWO OF SECTION FOUR HUNDRED TWENTY-A OF THE
48 REAL PROPERTY TAX LAW.

49 S 9. Subdivision 12-c of section 66 of the public service law, as
50 added by chapter 686 of the laws of 1986, and as further amended by
51 section 15 of part GG of chapter 63 of the laws of 2000, is amended to
52 read as follows:

53 12-c. Notwithstanding any other provision of law, upon application of
54 a gas or electric corporation, the commission shall authorize such
55 corporation to charge a special empire zone rate equal to the incre-
56 mental cost of providing service to customers certified as eligible for

1 such rate pursuant to article eighteen-B of the general municipal law,
2 OR AN INCUBATOR RATE EQUAL TO THE INCREMENTAL COST OF PROVIDING SERVICE
3 TO CUSTOMERS TO THOSE ENTITIES DESIGNATED AS NEW YORK STATE INCUBATORS
4 OR NEW YORK STATE INNOVATION HOTSPOTS PURSUANT TO SECTION SIXTEEN-V OF
5 THE URBAN DEVELOPMENT CORPORATION ACT, AND TO CLIENTS OF SUCH INCUBATOR
6 PROGRAMS AND FOR TWO SUCCESSIVE CALENDAR YEARS AFTER THEY SHALL HAVE
7 GRADUATED FROM SUCH INCUBATOR PROGRAMS, SUCH CLIENTS TO BE DESIGNATED BY
8 THE INCUBATORS.

9 S 10. This act shall take effect January 1, 2015.

10 PART YYY

11 Section 1. Article 2-A of the public housing law, as added by section
12 1 of part CC of chapter 63 of the laws of 2000, subdivision 4 of section
13 22 as amended by section 2 of part J of chapter 59 of the laws of 2012,
14 is amended to read as follows:

15 ARTICLE 2-A

16 NEW YORK STATE LOW INCOME AND MIDDLE INCOME

17 HOUSING TAX CREDIT PROGRAM

18 Section 21. Definitions.

19 22. Allowance of credit, amount and limitations.

20 23. Project monitoring.

21 24. Credit recapture.

22 25. Regulations, coordination with federal low-income housing
23 credit provisions.

24 S 21. Definitions. 1. (a) "Applicable percentage" means, FOR THE
25 PURPOSES OF AN ELIGIBLE LOW-INCOME BUILDING, the appropriate percentage
26 (depending on whether a building is new, existing, or federally subsi-
27 dized) prescribed by the secretary of the treasury for purposes of
28 section 42 of the internal revenue code AND, FOR THE PURPOSES OF AN
29 ELIGIBLE MIDDLE-INCOME BUILDING, THIRTY PERCENT OF THE QUALIFIED BASIS
30 OF THE BUILDING AS DETERMINED PURSUANT TO SECTION 42 OF THE INTERNAL
31 REVENUE CODE, for the month which is the earlier of:

32 (i) the month in which the eligible low-income building OR THE ELIGI-
33 BLE MIDDLE-INCOME BUILDING is placed in service, or

34 (ii) at the election of the taxpayer,

35 (A) the month in which the taxpayer and the commissioner enter into an
36 agreement with respect to such building (which is binding on the commis-
37 sioner, the taxpayer, and all successors in interest) as to the housing
38 credit dollar amount to be allocated to such building, or

39 (B) in the case of any building to which subsection (h)(4)(B) of such
40 section 42 applies, the month in which the tax-exempt obligations are
41 issued.

42 (b) A month may be elected under subparagraph (ii) of paragraph (a) of
43 this subdivision only if the election is made not later than the fifth
44 day after the close of such month. Such election, once made, shall be
45 irrevocable.

46 (c) If, as of the close of any taxable year in the credit period, the
47 qualified basis of an eligible low-income building OR AN ELIGIBLE
48 MIDDLE-INCOME BUILDING exceeds such basis as of the close of the first
49 year of the credit period, the applicable percentage which shall apply
50 to such excess shall be two-thirds of the applicable percentage
51 originally ascribed to such building.

52 2. "Compliance period" means, with respect to any building, the period
53 of fifteen taxable years beginning with the first taxable year of the
54 credit period with respect to such building.

1 3. "Credit period" means, with respect to any eligible low-income
2 building OR ELIGIBLE MIDDLE-INCOME BUILDING, the period of ten taxable
3 years beginning with

4 (a) the taxable year in which the building is placed in service, or

5 (b) at the election of the taxpayer, the succeeding taxable year,
6 but only if the building is an eligible low-income building as of the
7 close of the first year of such period. The election under paragraph (b)
8 of this subdivision, once made, shall be irrevocable.

9 4. "Eligibility statement" means a statement issued by the commission-
10 er certifying that a building is an eligible low-income building OR AN
11 ELIGIBLE MIDDLE-INCOME BUILDING. Such statement shall set forth the
12 taxable year in which such building is placed in service, the dollar
13 amount of low-income housing credit OR MIDDLE-INCOME HOUSING CREDIT
14 allocated by the commissioner to such building as provided in subdivi-
15 sion five of section twenty-two of this article, the applicable percent-
16 age and maximum qualified basis with respect to such building taken into
17 account in determining such dollar amount, sufficient information to
18 identify each such building and the taxpayer or taxpayers with respect
19 to each such building, and such other information as the commissioner,
20 in consultation with the commissioner of taxation and finance, shall
21 prescribe. Such statement shall be first issued following the close of
22 the first taxable year in the credit period, and thereafter, to the
23 extent required by the commissioner of taxation and finance, following
24 the close of each taxable year of the compliance period.

25 5. "Eligible low-income building" means a building located in this
26 state which either

27 (a) is a qualified low-income building as defined in section 42(c) of
28 the internal revenue code, or

29 (b) would be a qualified low-income building under such section if the
30 20-50 test specified in subsection (g)(1) of such section were disre-
31 garded and the 40-60 test specified in such subsection (requiring that
32 at least forty percent of residential units be both rent-restricted and
33 occupied by individuals whose income is sixty percent or less of area
34 median gross income) were a 40-90 test.

35 5-A. "ELIGIBLE MIDDLE-INCOME BUILDING" MEANS A BUILDING LOCATED IN
36 THIS STATE WHICH IS COMPOSED OF MULTIPLE RESIDENTIAL UNITS WHICH WILL,
37 UPON COMPLETION, BE AFFORDABLE BY ELIGIBLE MIDDLE-INCOME HOUSEHOLDS.

38 5-B. "ELIGIBLE MIDDLE-INCOME HOUSEHOLD" MEANS (A) IN CITIES HAVING A
39 POPULATION OF ONE MILLION OR MORE, A PERSON OR FAMILY RESIDING IN A
40 RESIDENTIAL UNIT WHOSE INCOME DOES NOT EXCEED ONE HUNDRED THIRTY PERCENT
41 OF THE MEDIAN INCOME FOR THE METROPOLITAN STATISTICAL AREA IN WHICH AN
42 ELIGIBLE MIDDLE-INCOME BUILDING IS LOCATED; OR (B) IN ANY PORTION OF THE
43 STATE OUTSIDE OF A CITY HAVING A POPULATION OF ONE MILLION OR MORE AND
44 (I) WITHIN A METROPOLITAN STATISTICAL AREA, A PERSON OR FAMILY RESIDING
45 IN A RESIDENTIAL UNIT WHOSE INCOME DOES NOT EXCEED ONE HUNDRED THIRTY
46 PERCENT OF THE MEDIAN INCOME FOR THE METROPOLITAN STATISTICAL AREA IN
47 WHICH AN ELIGIBLE MIDDLE-INCOME BUILDING IS LOCATED, OR ONE HUNDRED
48 THIRTY PERCENT OF THE STATEWIDE MEDIAN INCOME, WHICHEVER SHALL BE LESS,
49 OR (II) OUTSIDE OF METROPOLITAN STATISTICAL AREA, A PERSON OR FAMILY
50 RESIDING IN A RESIDENTIAL UNIT WHOSE INCOME DOES NOT EXCEED ONE HUNDRED
51 THIRTY PERCENT OF THE MEDIAN INCOME FOR THE COUNTY IN WHICH AN ELIGIBLE
52 MIDDLE-INCOME BUILDING IS LOCATED, OR ONE HUNDRED THIRTY PERCENT OF THE
53 STATEWIDE MEDIAN INCOME, WHICHEVER SHALL BE LESS.

54 6. "Qualified basis" of an eligible low-income building OR AN ELIGIBLE
55 MIDDLE-INCOME BUILDING means the qualified basis of such building deter-
56 mined under section 42(c) of the internal revenue code, or, FOR AN

1 ELIGIBLE LOW-INCOME BUILDING, which would be determined under such
2 section if the 40-90 test specified in paragraph (b) of subdivision five
3 of this section applied under such section 42 to determine if such
4 building were part of a qualified low-income housing project.

5 7. References in this article to section 42 of the internal revenue
6 code shall mean such section as amended from time to time.

7 S 22. Allowance of credit, amount and limitations. 1. A taxpayer
8 subject to tax under article nine-A, twenty-two, thirty-two or thirty-
9 three of the tax law which owns an interest in one or more eligible
10 low-income buildings OR ELIGIBLE MIDDLE-INCOME BUILDINGS shall be
11 allowed a credit against such tax for the amount of low-income housing
12 credit OR FOR THE AMOUNT OF THE MIDDLE-INCOME HOUSING CREDIT, AS THE
13 CASE MAY BE, allocated by the commissioner to each such building. Except
14 as provided in subdivision two of this section, the credit amount so
15 allocated shall be allowed as a credit against the tax for the ten taxa-
16 ble years in the credit period.

17 2. Adjustment of first-year credit allowed in eleventh year. The cred-
18 it allowable for the first taxable year of the credit period with
19 respect to any building shall be adjusted using the rules of section
20 42(f)(2) of the internal revenue code (relating to first-year adjustment
21 of qualified basis by the weighted average of low-income to total resi-
22 dential units, OR BY THE WEIGHTED AVERAGE OF MIDDLE-INCOME TO TOTAL
23 RESIDENTIAL UNITS, AS THE CASE MAY BE), and any reduction in first-year
24 credit by reason of such adjustment shall be allowable for the first
25 taxable year following the credit period.

26 3. Amount of credit. Except as provided in subdivisions four and five
27 of this section, the amount of low-income housing credit AND MIDDLE-IN-
28 COME HOUSING CREDIT shall be the applicable percentage of the qualified
29 basis of each eligible low-income building OR OF EACH ELIGIBLE
30 MIDDLE-INCOME BUILDING.

31 4. Statewide limitation. The aggregate dollar amount of credit which
32 the commissioner may allocate to eligible low-income buildings under
33 this article shall be forty-eight million dollars. THE AGGREGATE DOLLAR
34 AMOUNT OF CREDIT WHICH THE COMMISSIONER MAY ALLOCATE TO ELIGIBLE
35 MIDDLE-INCOME BUILDINGS UNDER THIS ARTICLE SHALL BE FIFTEEN MILLION
36 DOLLARS. The limitation provided by this subdivision applies only to
37 allocation of the aggregate dollar amount of credit by the commissioner,
38 and does not apply to allowance to a taxpayer of the credit with respect
39 to an eligible low-income building OR AN ELIGIBLE MIDDLE-INCOME BUILDING
40 for each year of the credit period.

41 5. Building limitation. The dollar amount of credit allocated to any
42 building shall not exceed the amount the commissioner determines is
43 necessary for the financial feasibility of the project and the viability
44 of the building as an eligible low-income building OR AS AN ELIGIBLE
45 MIDDLE-INCOME BUILDING throughout the credit period. In allocating a
46 dollar amount of credit to any building, the commissioner shall specify
47 the applicable percentage and the maximum qualified basis which may be
48 taken into account under this article with respect to such building. The
49 applicable percentage and the maximum qualified basis with respect to a
50 building shall not exceed the amounts determined in subdivisions one and
51 six, respectively, of section twenty-one of this article.

52 6. Long-term commitment to low-income OR MIDDLE-INCOME housing
53 required. (A) No credit shall be allowed under this article with respect
54 to [a] AN ELIGIBLE LOW-INCOME building for the taxable year unless an
55 extended low-income housing commitment is in effect as of the end of
56 such taxable year. For purposes of this [subdivision] PARAGRAPH, the

term "extended low-income housing commitment" means an agreement between the taxpayer and the commissioner substantially similar to the agreement specified in section 42(h)(6)(B) of the internal revenue code.

(B) NO CREDIT SHALL BE ALLOWED UNDER THIS ARTICLE WITH RESPECT TO AN ELIGIBLE MIDDLE-INCOME BUILDING FOR THE TAXABLE YEAR UNLESS AN EXTENDED MIDDLE-INCOME HOUSING COMMITMENT IS IN EFFECT AS OF THE END OF SUCH TAXABLE YEAR. FOR THE PURPOSES OF THIS PARAGRAPH, THE TERM "EXTENDED MIDDLE-INCOME HOUSING COMMITMENT" MEANS AN AGREEMENT BETWEEN THE TAXPAYER AND THE COMMISSIONER WHICH HAS BEEN DETERMINED BY THE COMMISSIONER TO BE SIMILAR TO THE AGREEMENT SPECIFIED IN SECTION 42(H)(6)(B) OF THE INTERNAL REVENUE CODE.

7. Credit to successor owner. If a credit is allowed under subdivision one of this section with respect to an eligible low-income building OR AN ELIGIBLE MIDDLE-INCOME BUILDING, and such building (or an interest therein) is sold during the credit period, the credit for the period after the sale which would have been allowable under such subdivision one to the prior owner had the building not been sold shall be allowable to the new owner. Credit for the year of sale shall be allocated between the parties on the basis of the number of days during such year that the building or interest was held by each.

S 23. Project monitoring. The commissioner shall establish such procedures as he OR SHE deems necessary for monitoring compliance of an eligible low-income building OR AN ELIGIBLE MIDDLE-INCOME BUILDING with the provisions of this article, and for notifying the commissioner of taxation and finance of any such noncompliance of which he OR SHE becomes aware.

S 24. Credit recapture. If, as of the close of any taxable year in the compliance period, the amount of the qualified basis of any building with respect to the taxpayer is less than the amount of such basis as of the close of the preceding taxable year, the credit under this article may be recaptured as provided in section eighteen OR EIGHTEEN-A of the tax law.

S 25. Regulations, coordination with federal low-income housing credit provisions. 1. The commissioner shall promulgate rules and regulations necessary to administer the provisions of this act.

2. The provisions of section 42 of the internal revenue code shall apply to the credit under this article, provided however, to the extent such provisions are inconsistent with this article, the provisions of this article shall control.

S 2. The tax law is amended by adding a new section 18-a to read as follows:

S 18-A. MIDDLE-INCOME HOUSING CREDIT. (A) ALLOWANCE OF CREDIT. A TAXPAYER SUBJECT TO TAX UNDER ARTICLE NINE-A, TWENTY-TWO, THIRTY-TWO OR THIRTY-THREE OF THIS CHAPTER SHALL BE ALLOWED A CREDIT AGAINST SUCH TAX, PURSUANT TO THE PROVISIONS REFERENCED IN SUBDIVISION (D) OF THIS SECTION, WITH RESPECT TO THE OWNERSHIP OF ELIGIBLE MIDDLE-INCOME BUILDINGS FOR WHICH AN ELIGIBILITY STATEMENT HAS BEEN ISSUED BY THE COMMISSIONER OF HOUSING AND COMMUNITY RENEWAL. THE AMOUNT OF THE CREDIT SHALL BE THE CREDIT AMOUNT FOR EACH SUCH BUILDING ALLOCATED BY SUCH COMMISSIONER AS PROVIDED IN ARTICLE TWO-A OF THE PUBLIC HOUSING LAW. THE CREDIT AMOUNT SHALL BE ALLOWED FOR EACH OF THE TEN TAXABLE YEARS IN THE CREDIT PERIOD, AND ANY REDUCTION IN FIRST-YEAR CREDIT AS PROVIDED IN SUBDIVISION TWO OF SECTION TWENTY-TWO OF SUCH LAW SHALL BE ALLOWED IN THE ELEVENTH TAXABLE YEAR.

(B) CREDIT RECAPTURE. (1) GENERAL. IF,

1 (A) AS OF THE CLOSE OF ANY TAXABLE YEAR IN THE COMPLIANCE PERIOD, THE
2 AMOUNT OF THE QUALIFIED BASIS OF ANY BUILDING WITH RESPECT TO THE
3 TAXPAYER IS LESS THAN

4 (B) THE AMOUNT OF SUCH BASIS AS OF THE CLOSE OF THE PRECEDING TAXABLE
5 YEAR,

6 (C) THEN THE CREDIT RECAPTURE AMOUNT MUST BE ADDED BACK FOR THE TAXA-
7 BLE YEAR.

8 (2) CREDIT RECAPTURE AMOUNT. THE CREDIT RECAPTURE AMOUNT IS AN AMOUNT
9 EQUAL TO THE SUM OF

10 (A) THE AGGREGATE DECREASE IN THE CREDITS ALLOWED TO THE TAXPAYER
11 UNDER THIS SECTION FOR ALL PRIOR TAXABLE YEARS WHICH WOULD HAVE RESULTED
12 IF THE ACCELERATED PORTION OF THE CREDIT ALLOWABLE BY REASON OF THIS
13 SECTION WERE NOT ALLOWED FOR ALL PRIOR TAXABLE YEARS WITH RESPECT TO THE
14 EXCESS OF THE AMOUNT DESCRIBED IN SUBPARAGRAPH (B) OF PARAGRAPH (1) OF
15 THIS SUBDIVISION OVER THE AMOUNT DESCRIBED IN SUBPARAGRAPH (A) OF SUCH
16 PARAGRAPH, PLUS

17 (B) INTEREST AT THE OVERPAYMENT RATE ESTABLISHED UNDER SECTION ONE
18 THOUSAND NINETY-SIX OF THIS CHAPTER ON THE AMOUNT DETERMINED UNDER
19 SUBPARAGRAPH (A) OF THIS PARAGRAPH FOR EACH PRIOR TAXABLE YEAR FOR THE
20 PERIOD BEGINNING ON THE DUE DATE FOR FILING THE REPORT FOR THE PRIOR
21 TAXABLE YEAR INVOLVED.

22 (3) ACCELERATED PORTION OF CREDIT. FOR PURPOSES OF PARAGRAPH TWO OF
23 THIS SUBDIVISION, THE ACCELERATED PORTION OF THE CREDIT FOR THE PRIOR
24 TAXABLE YEARS WITH RESPECT TO ANY AMOUNT OF BASIS IS THE EXCESS OF

25 (A) THE AGGREGATE CREDIT ALLOWED BY REASON OF THIS SECTION (WITHOUT
26 REGARD TO THIS SUBDIVISION) FOR SUCH YEARS WITH RESPECT TO SUCH BASIS,
27 OVER

28 (B) THE AGGREGATE CREDIT WHICH WOULD BE ALLOWABLE BY REASON OF THIS
29 SECTION FOR SUCH YEARS WITH RESPECT TO SUCH BASIS IF THE AGGREGATE CRED-
30 IT WHICH WOULD (BUT FOR THIS SUBDIVISION) HAVE BEEN ALLOWED FOR THE
31 ENTIRE COMPLIANCE PERIOD WERE ALLOWABLE RATABLY OVER FIFTEEN YEARS.

32 (4) SPECIAL RULES. FOR PURPOSES OF THIS SUBDIVISION, THE RULES OF
33 SECTION 42 (J)(4)(B) AND (C) OF THE INTERNAL REVENUE CODE SHALL APPLY IN
34 DETERMINING THE CREDIT RECAPTURE AMOUNT.

35 (5) EXCEPTIONS TO RECAPTURE. RECAPTURE UNDER THIS SUBDIVISION SHALL
36 NOT APPLY TO A REDUCTION IN QUALIFIED BASIS

37 (A) BY REASON OF A CASUALTY LOSS, IF THE COMMISSIONER, IN CONSULTATION
38 WITH THE COMMISSIONER OF HOUSING AND COMMUNITY RENEWAL, DETERMINES THAT
39 SUCH LOSS IS RESTORED BY RECONSTRUCTION OR REPLACEMENT WITHIN A REASON-
40 ABLE PERIOD, OR

41 (B) BY REASON OF A CHANGE IN FLOOR SPACE DEVOTED TO MIDDLE-INCOME
42 UNITS IN A BUILDING, IF SUCH BUILDING REMAINS AN ELIGIBLE MIDDLE-INCOME
43 BUILDING AFTER SUCH CHANGE, AND IF THE COMMISSIONER, IN CONSULTATION
44 WITH THE COMMISSIONER OF HOUSING AND COMMUNITY RENEWAL, DETERMINES THAT
45 SUCH CHANGE IS DE MINIMIS, OR

46 (C) BY REASON OF ERROR IN COMPLYING WITH MIDDLE-INCOME ELIGIBILITY
47 TESTS REFERRED TO IN SUBDIVISION FIVE OF SECTION TWENTY-ONE OF THE
48 PUBLIC HOUSING LAW, IF THE COMMISSIONER, IN CONSULTATION WITH THE
49 COMMISSIONER OF HOUSING AND COMMUNITY RENEWAL, DETERMINES THAT SUCH
50 ERROR IS DE MINIMIS.

51 (6) RECAPTURE BY PARTNERS OF A PARTNERSHIP. IN THE CASE OF OWNERSHIP
52 OF A BUILDING OR INTEREST THEREIN BY A PARTNERSHIP WHICH HAS THIRTY-FIVE
53 OR MORE PARTNERS, THE PROVISIONS OF SECTION 42(J)(5) OF THE INTERNAL
54 REVENUE CODE SHALL APPLY TO ANY RECAPTURE UNDER THIS SUBDIVISION UNLESS
55 THE PARTNERSHIP ELECTS NOT TO HAVE SUCH PROVISIONS APPLY.

(7) (A) THE CREDIT RECAPTURE REQUIRED UNDER THIS SUBDIVISION WILL NOT APPLY SOLELY BY REASON OF THE DISPOSITION OF A BUILDING OR AN INTEREST THEREIN IF IT IS REASONABLY EXPECTED THAT SUCH BUILDING WILL CONTINUE TO BE OPERATED AS AN ELIGIBLE MIDDLE-INCOME BUILDING FOR THE REMAINING COMPLIANCE PERIOD WITH RESPECT TO SUCH BUILDING.

(B) STATUTE OF LIMITATIONS. IF A BUILDING (OR AN INTEREST THEREIN) IS DISPOSED OF DURING ANY TAXABLE YEAR AND THERE IS ANY REDUCTION IN THE QUALIFIED BASIS OF SUCH BUILDING WHICH RESULTS IN AN INCREASE IN TAX UNDER THIS SECTION FOR SUCH TAXABLE OR ANY SUBSEQUENT TAXABLE YEAR, THEN

(I) THE STATUTORY PERIOD FOR THE ASSESSMENT OF ANY DEFICIENCY WITH RESPECT TO SUCH INCREASE IN TAX WILL NOT EXPIRE BEFORE THE EXPIRATION OF THREE YEARS FROM THE DATE THE COMMISSIONER OF HOUSING AND COMMUNITY RENEWAL IS NOTIFIED BY THE TAXPAYER (IN SUCH MANNER AS THE COMMISSIONER OF HOUSING AND COMMUNITY RENEWAL MAY PRESCRIBE) OF SUCH REDUCTION IN QUALIFIED BASIS, AND

(II) SUCH DEFICIENCY MAY BE ASSESSED BEFORE THE EXPIRATION OF SUCH THREE-YEAR PERIOD NOTWITHSTANDING THE PROVISIONS OF ANY OTHER LAW OR RULE OF LAW WHICH WOULD OTHERWISE PREVENT SUCH ASSESSMENT.

(C) CONSTRUCTION WITH PUBLIC HOUSING LAW; DEFINITIONS. THE PROVISIONS OF THIS SECTION SHALL BE CONSTRUED IN CONJUNCTION WITH THE PROVISIONS OF ARTICLE TWO-A OF THE PUBLIC HOUSING LAW. FOR DEFINITIONS RELATING TO THE MIDDLE-INCOME HOUSING CREDIT, SEE SECTION TWENTY-ONE OF SUCH LAW.

(D) CROSS-REFERENCES. FOR APPLICATION OF THE CREDIT PROVIDED FOR IN THIS SECTION, SEE THE FOLLOWING PROVISIONS OF THIS CHAPTER:

(1) ARTICLE 9-A: SECTION 210: SUBDIVISION 30-A,

(2) ARTICLE 22: SECTION 606: SUBSECTIONS (I) AND (X-1),

(3) ARTICLE 32: SECTION 1456: SUBSECTION (L-1),

(4) ARTICLE 33: SECTION 1511: SUBDIVISION (N-1).

S 3. Section 210 of the tax law is amended by adding a new subdivision 30-a to read as follows:

30-A. MIDDLE-INCOME HOUSING CREDIT. (A) ALLOWANCE OF CREDIT. A TAXPAYER SHALL BE ALLOWED A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE WITH RESPECT TO THE OWNERSHIP OF ELIGIBLE MIDDLE-INCOME BUILDINGS, COMPUTED AS PROVIDED IN SECTION EIGHTEEN-A OF THIS CHAPTER.

(B) APPLICATION OF CREDIT. THE CREDIT ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR SHALL NOT, IN THE AGGREGATE, REDUCE THE TAX DUE FOR SUCH YEAR TO LESS THAN THE HIGHER OF THE AMOUNTS PRESCRIBED IN PARAGRAPHS (C) AND (D) OF SUBDIVISION ONE OF THIS SECTION. HOWEVER, IF THE AMOUNT OF CREDIT ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR REDUCES THE TAX TO SUCH AMOUNT, ANY AMOUNT OF CREDIT THUS NOT DEDUCTIBLE IN SUCH TAXABLE YEAR SHALL BE TREATED AS AN OVERPAYMENT OF TAX TO BE CREDITED OR REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF SECTION TWO HUNDRED EIGHTY-SIX OF THIS CHAPTER. PROVIDED, HOWEVER, THE PROVISIONS OF SUBSECTION (C) OF SECTION TEN HUNDRED EIGHTY-EIGHT OF THIS CHAPTER NOTWITHSTANDING, NO INTEREST SHALL BE PAID THEREON.

(C) CREDIT RECAPTURE. FOR PROVISIONS REQUIRING RECAPTURE OF CREDIT, SEE SUBDIVISION (B) OF SECTION EIGHTEEN-A OF THIS CHAPTER.

S 4. Subparagraph (B) of paragraph 1 of subsection (i) of section 606 of the tax law is amended by adding a new clause (xiii-a) to read as follows:

(XIII-A) MIDDLE-INCOME HOUSING
CREDIT UNDER SUBSECTION (X-L)

CREDIT AMOUNT UNDER SUBDIVISION
THIRTY-A OF SECTION TWO HUNDRED
TEN OR SUBSECTION (L-1) OF SECTION
FOURTEEN HUNDRED FIFTY-SIX

1 S 5. Section 606 of the tax law is amended by adding a new subsection
2 (x-1) to read as follows:

3 (X-1) MIDDLE-INCOME HOUSING CREDIT. (1) ALLOWANCE OF CREDIT. A TAXPAY-
4 ER SHALL BE ALLOWED A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE
5 WITH RESPECT TO THE OWNERSHIP OF ELIGIBLE MIDDLE-INCOME BUILDINGS,
6 COMPUTED AS PROVIDED IN SECTION EIGHTEEN-A OF THIS CHAPTER.

7 (2) APPLICATION OF CREDIT. IF THE AMOUNT OF CREDIT ALLOWABLE UNDER
8 THIS SUBSECTION FOR ANY TAXABLE YEAR SHALL EXCEED THE TAXPAYER'S TAX FOR
9 SUCH YEAR, THE EXCESS SHALL BE TREATED AS AN OVERPAYMENT OF TAX TO BE
10 CREDITED OR REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF SECTION SIX
11 HUNDRED EIGHTY-SIX OF THIS ARTICLE, PROVIDED, HOWEVER, THAT NO INTEREST
12 SHALL BE PAID THEREON.

13 (3) CREDIT RECAPTURE. FOR PROVISIONS REQUIRING RECAPTURE OF CREDIT,
14 SEE SUBDIVISION (B) OF SECTION EIGHTEEN-A OF THIS CHAPTER.

15 S 6. Section 1456 of the tax law is amended by adding a new subsection
16 (l-1) to read as follows:

17 (L-1) MIDDLE-INCOME HOUSING CREDIT. (1) ALLOWANCE OF CREDIT. A TAXPAY-
18 ER SHALL BE ALLOWED A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE
19 WITH RESPECT TO THE OWNERSHIP OF ELIGIBLE MIDDLE-INCOME BUILDINGS,
20 COMPUTED AS PROVIDED IN SECTION EIGHTEEN-A OF THIS CHAPTER.

21 (2) APPLICATION OF CREDIT. THE CREDIT ALLOWED UNDER THIS SUBSECTION
22 FOR ANY TAXABLE YEAR SHALL NOT, IN THE AGGREGATE, REDUCE THE TAX DUE FOR
23 SUCH YEAR TO LESS THAN THE MINIMUM TAX FIXED BY SUBSECTION (B) OF
24 SECTION FOURTEEN HUNDRED FIFTY-FIVE OF THIS ARTICLE. HOWEVER, IF THE
25 AMOUNT OF CREDIT ALLOWED UNDER THIS SUBSECTION FOR ANY TAXABLE YEAR
26 REDUCES THE TAX TO SUCH AMOUNT, THEN ANY AMOUNT OF CREDIT THUS NOT
27 DEDUCTIBLE IN SUCH TAXABLE YEAR SHALL BE TREATED AS AN OVERPAYMENT OF
28 TAX TO BE CREDITED OR REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF
29 SECTION TEN HUNDRED EIGHTY-SIX OF THIS CHAPTER. PROVIDED, HOWEVER, THE
30 PROVISIONS OF SUBSECTION (C) OF SECTION TEN HUNDRED EIGHTY-EIGHT OF THIS
31 CHAPTER NOTWITHSTANDING, NO INTEREST SHALL BE PAID THEREON.

32 (3) CREDIT RECAPTURE. FOR PROVISIONS REQUIRING RECAPTURE OF CREDIT,
33 SEE SUBDIVISION (B) OF SECTION EIGHTEEN-A OF THIS CHAPTER.

34 S 7. Section 1511 of the tax law is amended by adding a new subdivi-
35 sion (n-1) to read as follows:

36 (N-1) MIDDLE-INCOME HOUSING CREDIT. (1) ALLOWANCE OF CREDIT. A TAXPAY-
37 ER SHALL BE ALLOWED A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE
38 WITH RESPECT TO THE OWNERSHIP OF ELIGIBLE MIDDLE-INCOME BUILDINGS,
39 COMPUTED AS PROVIDED IN SECTION EIGHTEEN-A OF THIS CHAPTER.

40 (2) APPLICATION OF CREDIT. THE CREDIT ALLOWED UNDER THIS SUBDIVISION
41 FOR ANY TAXABLE YEAR SHALL NOT, IN THE AGGREGATE, REDUCE THE TAX DUE FOR
42 SUCH YEAR TO LESS THAN THE MINIMUM TAX FIXED BY PARAGRAPH FOUR OF SUBDI-
43 VISION (A) OF SECTION FIFTEEN HUNDRED TWO OF THIS ARTICLE OR BY SECTION
44 FIFTEEN HUNDRED TWO-A OF THIS ARTICLE, WHICHEVER IS APPLICABLE. HOWEV-
45 ER, IF THE AMOUNT OF CREDIT ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXA-
46 BLE YEAR REDUCES THE TAX TO SUCH AMOUNT, THEN ANY AMOUNT OF CREDIT THUS
47 NOT DEDUCTIBLE IN SUCH TAXABLE YEAR SHALL BE TREATED AS AN OVERPAYMENT
48 OF TAX TO BE CREDITED OR REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF
49 SECTION TEN HUNDRED EIGHTY-SIX OF THIS CHAPTER. PROVIDED, HOWEVER, THE
50 PROVISIONS OF SUBSECTION (C) OF SECTION TEN HUNDRED EIGHTY-EIGHT OF THIS
51 CHAPTER NOTWITHSTANDING, NO INTEREST SHALL BE PAID THEREON.

52 (3) CREDIT RECAPTURE. FOR PROVISIONS REQUIRING RECAPTURE OF CREDIT,
53 SEE SUBDIVISION (B) OF SECTION EIGHTEEN-A OF THIS CHAPTER.

54 S 8. This act shall take effect immediately.

55 S 2. Severability clause. If any clause, sentence, paragraph, subdivi-
56 sion, section or part of this act shall be adjudged by any court of

1 competent jurisdiction to be invalid, such judgment shall not affect,
2 impair, or invalidate the remainder thereof, but shall be confined in
3 its operation to the clause, sentence, paragraph, subdivision, section
4 or part thereof directly involved in the controversy in which such judg-
5 ment shall have been rendered. It is hereby declared to be the intent of
6 the legislature that this act would have been enacted even if such
7 invalid provisions had not been included herein.
8 S 3. This act shall take effect immediately provided, however, that
9 the applicable effective date of Parts A through YYY of this act shall
10 be as specifically set forth in the last section of such Parts.