STATE OF NEW YORK

3926

2021-2022 Regular Sessions

IN SENATE

February 1, 2021

Introduced by Sen. KENNEDY -- read twice and ordered printed, and when printed to be committed to the Committee on Budget and Revenue

AN ACT to amend the tax law, in relation to terminal rental adjustment clauses in motor vehicle leases

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Paragraph (B) of subdivision (i) of section 1111 of the tax law, as amended by chapter 20 of the laws of 1992, is amended to read as follows:

(B) **(1)** Notwithstanding any inconsistent provisions of this subdivision, with respect to a lease of a motor vehicle described in paragraph (A) of this subdivision for a term of one year or more [~~(1)~~] which includes an indeterminate number of options to renew or other similar contractual provisions or which includes thirty-six or more monthly options to renew beyond the initial term, and [~~(2)~~] under which lease the lessee of such motor vehicle has certified in the writing described in clause (i) of subparagraph (C) of paragraph two of subsection (h) of section 7701 of the internal revenue code of 1986, under penalty of perjury, that the lessee intends that more than fifty percent of the use of such vehicle is to be in a trade or business of the lessee, **the lessor shall: (i) pay tax on the receipts from the sale of or consideration given or contracted to be given for the purchase, as measured by subdivision (b) of section eleven hundred ten of this part, of such vehicle for lease; or (ii) collect and pay tax as measured by** all receipts due or consideration given or contracted to be given under such lease for the first thirty-two months, or the period of the initial term if greater, of such lease shall be deemed to have been paid or given [~~and shall be subject to tax in accordance with the provisions of this subdivision~~].

[~~For~~] **(2) If a lessor collects and pays tax as measured under clause (ii) of subparagraph one of this paragraph, for** each such option to

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

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renew, or similar provision, or combination of them, exercised after the first thirty-two months, or the period of such initial term, if longer, of any such lease, tax due under this article shall be collected and paid or paid over without regard to this subdivision.

§ 2. This act shall take effect immediately.