STATE OF NEW YORK

5256

2025-2026 Regular Sessions

IN SENATE

February 20, 2025

Introduced by Sen. HOYLMAN-SIGAL -- read twice and ordered printed, and when printed to be committed to the Committee on Investigations and Government Operations

AN ACT to amend subpart B of part PP of chapter 59 of the laws of 2021 amending the tax law and the state finance law relating to establishing the New York city musical and theatrical production tax credit and establishing the New York state council on the arts cultural program fund, in relation to the effectiveness thereof; to amend the tax law, in relation to the New York city musical and theatrical production tax credit

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

Section 1. Section 6 of subpart B of part PP of chapter 59 of the laws of 2021 amending the tax law and the state finance law relating to establishing the New York city musical and theatrical production tax credit and establishing the New York state council on the arts cultural program fund, as amended by section 1 of subpart E of part I of chapter 59 of the laws of 2023, is amended to read as follows:

§ 6. This act shall take effect immediately; provided however, that sections one, two, three and four of this act shall apply to taxable years beginning on or after January 1, 2021, and before January 1, [~~2026~~] 2031 and shall expire and be deemed repealed January 1, [~~2026~~] 2031; provided further, however that the obligations under paragraph 3 of subdivision (g) of section 24-c of the tax law, as added by section one of this act, shall remain in effect until December 31, [~~2027~~] 2032.

§ 2. Paragraph 2 of subdivision (a) of section 24-c of the tax law, as amended by section 2 of subpart E of part I of chapter 59 of the laws of 2023, is amended to read as follows:

(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 qualified production expenditures paid for

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

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during the qualified New York city musical and theatrical production's credit period. Provided however that the amount of the credit cannot exceed three hundred fifty thousand dollars per qualified New York city musical and theatrical production in a level two qualified New York city production facility and three million dollars per qualified New York city musical and theatrical production in a level one qualified New York city production facility. In no event shall a qualified New York city musical and theatrical production be eligible for more than one credit under this program. **Provided however, if a production located in a level two production facility is approved for a credit under this section and such production moves to a level one production facility, any credit amount previously approved for the level two production shall reduce any approved level one credit amount by such amount. A production shall not have to withdraw a previous credit application if such production moves from a level two production facility to a level one production facility.**

§ 3. Subparagraph (i) of paragraph 3 of subdivision (b) of section 24-c of the tax law, as amended by section 2-a of subpart E of part I of chapter 59 of the laws of 2023, is amended to read as follows:

(i) "Level one qualified New York city production facility" means a facility located within the (A) borough of Manhattan, bounded by and including forty-first street and [~~fifty-fourth~~] **fifty-seventh** street and between sixth avenue and [~~ninth~~] **tenth** avenue**, and bounded by and including sixty-second street and sixty-fifth street between Columbus Avenue and Amsterdam Avenue** in which live theatrical productions are or are intended to be primarily presented, (B) that contains at least one stage, a seating capacity of five hundred or more seats, and dressing rooms, storage areas, and other ancillary amenities necessary for the qualified musical and theatrical production, and (C) for which receipts attributable to live theatrical productions constitute seventy-five percent or more of gross receipts of the facility.

§ 4. Subparagraph (i) of paragraph 5 of subdivision (b) of section 24-c of the tax law, as amended by section 3 of subpart E of part I of chapter 59 of the laws of 2023, is amended to read as follows:

(i) "The credit period of a qualified New York city musical and theatrical production company" is the period starting on the production start date and ending on the earlier of the date the qualified musical and theatrical production has expended sufficient qualified production expenditures to reach its credit cap, September thirtieth, two thousand [~~twenty-five~~] **thirty** or the date the qualified musical and theatrical production closes.

§ 5. Subdivision (c) of section 24-c of the tax law, as amended by section 4 of subpart E of part I of chapter 59 of the laws of 2023, is amended to read as follows:

(c) The credit shall be allowed for the taxable year beginning on or after January first, two thousand twenty-one but before January first, two thousand [~~twenty-six~~] **thirty-one**. A qualified New York city musical and theatrical production company shall claim the credit in the year in which its credit period ends.

§ 6. Paragraphs 1 and 2 of subdivision (f) of section 24-c of the tax law, as amended by section 5 of subpart E of part I of chapter 59 of the laws of 2023, are amended to read as follows:

(1) The aggregate amount of tax credits allowed under this section, subdivision fifty-seven of section two hundred ten-B and subsection (mmm) of section six hundred six of this chapter shall be [~~three~~] **eight** hundred million dollars. Such aggregate amount of credits shall be allo-

cated by the department of economic development among taxpayers based on the date of first performance of the qualified musical and theatrical production.

(2) The commissioner of economic development, after consulting with the commissioner, shall promulgate regulations to establish procedures for the allocation of tax credits as required by this section. Such rules and regulations shall include provisions describing the application process, the due dates for such applications, the standards that will be used to evaluate the applications, the documentation that will be provided by applicants to substantiate to the department the amount of qualified production expenditures of such applicants, and such other provisions as deemed necessary and appropriate. Notwithstanding any other provisions to the contrary in the state administrative procedure act, such rules and regulations may be adopted on an emergency basis. In no event shall a qualified New York city musical and theatrical production submit an application for this program after June thirtieth, two thousand [~~twenty-five~~] **thirty**.

§ 7. Subdivision (g) of section 24-c of the tax law, as amended by section 5-a of subpart E of part I of chapter 59 of the laws of 2023, is amended to read as follows:

(g) Any qualified New York city musical and theatrical production company that performs in a level one or level two qualified New York city production facility and applies to receive a credit under this section shall be required to: (1) participate in a New York state diversity and arts job training program; (2) create and implement a plan to ensure that their production is available and accessible for low-or no-cost to low income New Yorkers; and (3) **after the tax credit funds have been received by the production,** contribute to the New York state council on the arts, cultural program fund an amount up to fifty percent of the total credits received if its production earns ongoing revenue prospectively after the end of the credit period that is at least equal to two hundred percent of its ongoing production costs, with such amount payable from twenty-five percent of net operating profits, such amounts payable on a monthly basis, up until such fifty percent of the total credit amount is reached**, provided that for productions located in level one production facilities, up to five hundred thousand dollars in aggregate contributions in the amount of twenty-five hundred dollars per paid performance week, pro-rated up or down in increments of one eighth on the basis of eight performances per week, shall be payable prospectively upon such production for productions located in level one production facilities having presented paid public performances for a consecutive twenty-four month (i.e. one hundred four paid performance weeks) period, with such contributions deemed a credit against any contributions required on the basis of net operating profits in this paragraph**. Any funds deposited pursuant to this subdivision may be used for arts and cultural grant programs of the New York state council on the arts as specified in subdivision five of section ninety-nine-ll of the state finance law.

§ 8. This act shall take effect immediately and shall apply to taxable years beginning on or after January 1, 2026; provided, however, that the amendments to section 24-c of the tax law made by sections two, three, four, five, six and seven of this act shall not affect the repeal of such section and shall be deemed repealed therewith.