S T A T E O F N E W Y O R K

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I N A S S E M B L Y

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Introduced by M. of A. SCHIMMINGER, FIELDS, SCHROEDER, MAISEL, DESTITO, GABRYSZAK, KOON, MAGNARELLI -- Multi-Sponsored by -- M. of A. DelMONTE, JAFFEE, V. LOPEZ, SWEENEY, TOBACCO -- read once and referred to the Committee on Ways and Means

AN ACT to amend the tax law, in relation to reducing the tax on aviation fuel businesses under article 13-A thereof; and to repeal section 301-e of the tax law relating to aviation fuel taxes

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

Section 1. Section 301-e of the tax law is REPEALED.

S 2. Subdivision (a) and paragraph 3 of subdivision (b) of section 301-g of the tax law, subdivision (a) as amended by chapter 170 of the laws of 1994 and paragraph 3 of subdivision (b) as amended by chapter 309 of the laws of 1996, are amended to read as follows:

(a) Imposition of tax surcharge. In addition to the taxes imposed by sections three hundred one-a, [three hundred one-e,] three hundred one-h, three hundred one-i and three hundred one-j of this article, for taxable months commencing on or after September first, nineteen hundred ninety up to and including the month of May, nineteen hundred ninety-four, there is hereby imposed a tax surcharge for each or any part of a taxable month at the rate of fifteen percent of the applicable rate of tax imposed by such sections three hundred one-a, [three hundred one-e,] three hundred one-h, three hundred one-i and three hundred one-j of this article with respect to the products included in each component of such taxes imposed by such sections, to be computed on a per quantity basis (rounded to the nearest hundredth cent per quantity)[, provided that such tax surcharge shall not be imposed with respect to kero-jet fuel included in the kero-jet fuel component under subdivision (c) of section three hundred one-e for taxable months beginning prior to July first, nineteen hundred ninety-one]. Provided further, for taxable months commencing on or after June first, nineteen hundred ninety-four up to

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

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and including the month of May, nineteen hundred ninety-five, there is hereby imposed a tax surcharge for each or any part of a taxable month at the rate of twelve and one-half percent of the applicable rate of tax imposed by such sections three hundred one-a, [three hundred one-e,] three hundred one-h, three hundred one-i and three hundred one-j of this article with respect to the products included in each component of such taxes imposed by such sections, to be computed on a per quantity basis (rounded to the nearest hundredth cent per quantity). Provided further, for taxable months commencing on or after June first, nineteen hundred ninety-five up to and including the month of May, nineteen hundred ninety-six, there is hereby imposed a tax surcharge for each or any part of a taxable month at the rate of seven and one-half percent of the applicable rate of tax imposed by such sections three hundred one-a, [three hundred one-e,] three hundred one-h, three hundred one-i and three hundred one-j of this article with respect to the products included in each component of such taxes imposed by such sections, to be computed on a per quantity basis (rounded to the nearest hundredth cent per quantity). Provided, further, for taxable months commencing on or after June first, nineteen hundred ninety-six up to and including the month of May, nineteen hundred ninety-seven, there is hereby imposed a tax surcharge for each or any part of a taxable month at the rate of two and one-half percent of the applicable rate of tax imposed by such sections three hundred one-a, [three hundred one-e,] three hundred one-h, three hundred one-i and three hundred one-j of this article with respect to the products included in each component of such taxes imposed by such sections, to be computed on a per quantity basis (rounded to the nearest hundredth cent per quantity). Provided, further, however, for purposes of imposition of the tax surcharge with respect to the tax imposed by section three hundred one-h of this article, the rate of the surcharge applicable to any calendar quarter during which the rate of the tax surcharge changes in accordance with the first three sentences of this subdivision shall be the average of the rates otherwise applicable pursuant to such first three sentences for each month of such calendar quarter. In the case of a taxpayer who files returns and pays taxes under article twenty-one or article twenty-one-A of this chapter, as the case may be, on an annual or other basis other than monthly or quarterly, for purposes of imposition of the tax surcharge with respect to the tax imposed by section three hundred one-h of this article, the rate of surcharge for a return period which would include a change in such rate but for this sentence shall be, in the case of taxpayers filing on an annual basis, equal to the sum of the respective rates otherwise applicable under this subdivision in each month of the return period divided by the number of months in the return period, and, in the case of a taxpayer filing on other than a monthly, quarterly or annual basis, equal to the sum of the respective rates otherwise applicable under this subdivision on each of the days of the return period divided by the number of days in the return period.

(3) Partial credit, refund or reimbursement with respect to aviation gasoline. (i) A partial credit or refund of the tax surcharge paid under this section relative to the tax imposed with respect to aviation gasoline under [sections three hundred one-e and] SECTION three hundred one-j of this article shall be available with respect to aviation gasoline which qualifies for the partial credit or refund under [paragraph two of subdivision (b) of section three hundred one-e of] this article. The amount of the credit or refund shall be equal to the tax surcharge imposed [(A) with respect to the partial credit or refund allowed under

paragraph two of subdivision (b) of section three hundred one-e of this article and (B)] with respect to the credit or refund allowed under [paragraph two of] subdivision (b) of section three hundred one-j of this article.

(ii) A partial reimbursement of the tax surcharge paid under this section relative to the tax imposed with respect to aviation gasoline under [sections three hundred one-e and] SECTION three hundred one-j of this article shall be available with respect to aviation gasoline which qualifies for the partial reimbursement under [paragraph three of subdivision (d) of section three hundred one-e of] this article and for which no partial credit or refund under subparagraph (i) of this paragraph was provided. The amount of the reimbursement shall be equal to the tax surcharge imposed [(A) with respect to the partial reimbursement allowed under paragraph three of subdivision (d) of section three hundred one-e of this article and (B)] with respect to the reimbursement allowed under [subparagraph] PARAGRAPH (ii) [of paragraph two] of subdivision (b) of section three hundred one-j of this article.

S 3. Paragraphs 1 and 5 of subdivision (a) and subdivision (c) of section 301-j of the tax law, paragraphs 1 and 5 of subdivision (a) as amended by chapter 309 of the laws of 1996, subdivision (c) as amended by chapter 410 of the laws of 1991, are amended to read as follows:

(1) In addition to the taxes imposed by [sections] SECTION three hundred one-a [and three hundred one-e] of this article, for taxable months commencing on or after July first, nineteen hundred ninety-one there is hereby imposed upon every petroleum business subject to tax imposed under section three hundred one-a of this article [and every aviation fuel business subject to the aviation gasoline component of the tax imposed under section three hundred one-e of this article], a supplemental monthly tax for each or any part of a taxable month at a rate of four and one-half cents per gallon with respect to the products included in each component of the taxes imposed by such [sections] SECTION three hundred one-a [and the aviation gasoline component of the tax imposed by such section three hundred one-e] of this article.

(5) Except as herein provided, the tax imposed under this section shall be calculated in the same respective manner as the taxes imposed by section three hundred one-a [and section three hundred one-e] of this article. Except for section three hundred one-d and except as otherwise provided in this section, all the provisions of this article applicable to the taxes imposed by [sections] SECTION three hundred one-a [and three hundred one-e] of this article, shall apply with respect to the supplemental tax imposed by this section to the same extent as if it were respectively imposed by such [sections] SECTION.

(c) Rate adjustment and surcharge. Commencing January first, nineteen hundred ninety-two and on the first day of January every year thereafter, the rate of the supplemental tax shall be adjusted at the same time as the rates of the components of the taxes imposed by [sections] SECTION three hundred one-a [and three hundred one-e] of this article, and the method of making adjustments to the rate of the supplemental tax shall be the same as the method used for such rates.

S 4. The opening paragraph and subdivision (c) of section 301-l of the tax law, as added by chapter 170 of the laws of 1994, are amended to read as follows:

There shall be allowed to a registered petroleum business or aviation fuel business a refund under this section for the taxes and tax surcharge imposed by sections three hundred one-a, [three hundred one-e,] three hundred one-g and three hundred one-j of this article for

the tax paid under such sections with respect to gallonage which is represented by a worthless debt as follows:

(c) Upon receipt of a claim for refund in processible form, interest shall be allowed and paid at the overpayment rate set by the commissioner pursuant to subdivision twenty-sixth of section one hundred seventy-one of this chapter from the date of the receipt of the refund claim to the date immediately preceding the date of the refund check except no such interest shall be allowed or paid if the refund check is mailed within ninety days of such receipt and except no interest shall be allowed or paid if the amount thereof would be less than one dollar. Provided, further, the refund shall be granted pro rata against sections three hundred one-a, [three hundred one-e,] three hundred one-g and three hundred one-j of this article, as the case may be, to the same extent as represented by the remittance of the petroleum business or aviation fuel business with respect to the gallonage represented by the worthless debt.

S 5. Subdivision (a) of section 308 of the tax law, as amended by chapter 2 of the laws of 1995, is amended to read as follows:

(a) General.--Every petroleum business subject to tax under this article shall monthly, on or before the twentieth day following the close of its taxable month, file a return which shall state (i) the number of gallons of motor fuel imported or caused to be imported into this state for use, distribution, storage or sale in the state or produced, refined, manufactured or compounded in the state during the preceding calendar month, (ii) the number of gallons of diesel motor fuel sold or used or, with respect to gallonage which prior thereto has not been included in the measure of the tax imposed by this article, delivered by the petroleum business to a filling station or into the fuel tank connecting with the engine of a motor vehicle for use in the operation thereof during the preceding calendar month, (iii) the number of gallons of, and the resultant product produced, manufactured or blended, using diesel motor fuel as a component of such resultant product and the sales of such resultant product, and (iv) the number of gallons of residual petroleum product sold or used in this state and the sales of such residual petroleum product, for the period covered by such return. A residual petroleum business shall include in its reports the number of gallons of residual petroleum product imported into the state or purchased in this state, the number of gallons of diesel motor fuel purchased in this state and the number of gallons of, and the resultant product produced, manufactured or blended by such petroleum business, using diesel motor fuel as a component of such resultant product. The commissioner of taxation and finance may permit the filing of a return on a quarterly basis in the case of a petroleum business which only makes sales of diesel motor fuel solely for residential heating purposes and which is registered under article twelve-A of this chapter as a diesel motor fuel distributor under a limited registration applicable only to the importation, sale and distribution of diesel motor fuel for the purposes described in subparagraph (i) of paragraph (b) of subdivision three of section two hundred eighty-two-a of this chapter or in the case of a petroleum business registered as a "distributor of kero-jet fuel only" pursuant to the provisions of subdivision two of section two hundred eighty-two-a of this chapter. In the case of such returns permitted to be filed on a quarterly basis, the adjustments to the rates of tax then in effect, as provided for in [sections] SECTION three hundred one-a [and three hundred one-e] of this article, which take effect on the first day of January of each year shall, with respect to

such quarterly return, take effect on the first day of the next succeeding March. Returns shall be filed with the commissioner in a form prescribed by the commissioner, setting forth such other information as the commissioner may prescribe. Every petroleum business shall also transmit such other returns and such facts and information as the commissioner may require in the administration of this article. Every petroleum business which is a corporation subject to tax under this article and which ceases to exercise its franchise or to be subject to the tax imposed by this article shall transmit to the commissioner a return on the date of such cessation, or at such other time as the commissioner may require, covering each month or period for which no return was theretofore filed. The commissioner may, if the commissioner deems it necessary in order to insure the payment of the tax imposed by this article, require returns to be made at such times and covering such periods as the commissioner may deem necessary. Notwithstanding the foregoing provisions of this subdivision, the commissioner may require any corporation or unincorporated business which engages in transactions involving petroleum or similar products, including aviation fuels, to file a monthly return, which shall contain any data specified by him, regardless of whether such corporation or unincorporated business is subject to tax under this article.

S 6. Subdivision (b) of section 312 of the tax law, as amended by section 8 of part EE of chapter 63 of the laws of 2000, is amended to read as follows:

(b) Of all of the taxes collected or received by the commissioner on or before March thirty-first, nineteen hundred ninety-one under the taxes imposed by [sections] SECTION three hundred one-a [and three hundred one-e] of this article, and all interest and penalties relating thereto, eighty-seven and five-hundredths percent of such collections shall be deposited and disposed of pursuant to the provisions of section one hundred seventy-one-a of this chapter and the balance thereof shall be deposited in the mass transportation operating assistance fund to the credit of the metropolitan mass transportation operating assistance account and the public transportation systems operating assistance account thereof in the manner provided by subdivision eleven of section one hundred eighty-two-a of this chapter. Of all taxes, interest and penalties collected or received after March thirty-first, nineteen hundred ninety-one, and before April first, nineteen hundred ninety-three, from the taxes imposed by [sections] SECTION three hundred one-a [and three hundred one-e] of this article, initially thirty-five percent shall be deposited and disposed of pursuant to such section one hundred seventy-one-a. The balance thereof shall then be disposed of as follows: seventy-two and seven-tenths percent shall be deposited and disposed of pursuant to such section one hundred seventy-one-a and twenty-seven and three-tenths percent shall be deposited in such mass transportation operating assistance fund as prescribed in the aforestated manner. Except as otherwise provided, of all taxes, interest and penalties collected or received after March thirty-first, nineteen hundred ninety-three, and before April first, nineteen hundred ninety-four, from the taxes imposed by [sections] SECTION three hundred one-a [and three hundred one-e] of this article, (i) initially fifty-four percent shall be deposited, as prescribed by subdivision (d) of section three hundred one-j of this chapter, (ii) twenty-eight and three-tenths percent shall be deposited and disposed of pursuant to such section one hundred seventy-one-a of this chapter in the general fund and (iii) seventeen and seven-tenths percent shall be deposited in such mass transportation

operating assistance fund as prescribed in the aforestated manner. Provided, however, that, prior to such deposit, from the amounts so collected or received during the period commencing on January first, nineteen hundred ninety-four and ending on March thirty-first, nineteen hundred ninety-four, an amount equal to the portion of the taxes, interest and penalties so received or collected resulting from the amendments made by sections forty-two, forty-three and forty-four of chapter fifty-seven of the laws of nineteen hundred ninety-three shall be deposited and disposed of pursuant to the provisions of subdivision one of section one hundred seventy-one-a of this chapter. Except as otherwise provided, of all taxes, interest and penalties collected or received on or after April first, nineteen hundred ninety-four, from the taxes imposed by [sections] SECTION three hundred one-a [and three hundred one-e] of this article, (i) initially fifty-four percent shall be deposited, as prescribed by subdivision (d) of section three hundred one-j of this article, (ii) twenty-eight and three-tenths percent shall be deposited and disposed of pursuant to such section one hundred seventy-one-a of this chapter in the general fund, (iii) seven and nine hundred sixty-five thousandths percent shall be deposited in such mass transportation operating assistance fund as prescribed in the aforestated manner and (iv) nine and seven hundred thirty-five thousandths percent shall be deposited in the revenue accumulation fund. Except as otherwise provided, of all taxes, interest and penalties collected or received on or after September first, nineteen hundred ninety-four and before September first, nineteen hundred ninety-five, from the taxes imposed by [sections] SECTION three hundred one-a [and three hundred one-e] of this article, (i) initially fifty-nine percent shall be deposited, as prescribed by subdivision (d) of section three hundred one-j of this article, (ii) twenty-two and four-tenths percent shall be deposited and disposed of pursuant to such section one hundred seventy-one-a of this chapter in the general fund, (iii) eight and three hundred seventy thousandths percent shall be deposited in such mass transportation operating assistance fund as prescribed in the aforestated manner and (iv) ten and two hundred thirty thousandths percent shall be deposited in the revenue accumulation fund. Except as otherwise provided, of all taxes, interest and penalties, collected or received on or after September first, nineteen hundred ninety-five and before April first, nineteen hundred ninety-six from the taxes imposed by [sections] SECTION three hundred one-a [and three hundred one-e] of this article, (i) initially sixty-two and eight-tenths percent shall be deposited as prescribed by subdivision (d) of section three hundred one-j of this article, (ii) eighteen percent shall be deposited and disposed of pursuant to section one hundred seventy-one-a of this chapter in the general fund, (iii) eight and six hundred forty thousandths percent shall be deposited in such mass transportation operating assistance fund as prescribed in the aforestated manner and (iv) ten and five hundred sixty thousandths percent shall be deposited in the revenue accumulation fund. Except as otherwise provided, of all taxes, interest and penalties collected or received on or after April first, nineteen hundred ninety-six, and before January first, nineteen hundred ninety-seven from the taxes imposed by [sections] SECTION three hundred one-a [and three hundred one-e] of this article, (i) initially sixty-three and three-tenths percent shall be deposited, as prescribed by subdivision (d) of section three hundred one-j of this article, (ii) seventeen and four-tenths percent shall be deposited and disposed of pursuant to such section one hundred seventy-one-a of this chapter in the general fund and (iii) nineteen and three-

tenths percent shall be deposited in such mass transportation operating assistance fund as prescribed in the aforestated manner. Except as otherwise provided, of all taxes, interest and penalties collected or received on or after January first, nineteen hundred ninety-seven and before January first, nineteen hundred ninety-eight from the taxes imposed by [sections] SECTION three hundred one-a [and three hundred one-e] of this article, (i) initially sixty-six and two-tenths percent shall be deposited, as prescribed by subdivision (d) of section three hundred one-j of this article, (ii) fourteen and one-half percent shall be deposited and disposed of pursuant to such section one hundred seventy-one-a of this chapter in the general fund and (iii) nineteen and three-tenths percent shall be deposited in such mass transportation operating assistance fund as prescribed in the aforestated manner. Except as otherwise provided, of all taxes, interest and penalties collected or received on or after January first, nineteen hundred ninety-eight and before April first, nineteen hundred ninety-nine from the taxes imposed by [sections] SECTION three hundred one-a [and three hundred one-e] of this article, (i) initially sixty-eight and one-tenth percent shall be deposited, as prescribed by subdivision (d) of section three hundred one-j of this article, (ii) twelve and four-tenths percent shall be deposited and disposed of pursuant to such section one hundred seventy-one-a of this chapter in the general fund and (iii) nineteen and one-half percent shall be deposited in such mass transportation operating assistance fund as prescribed in the aforestated manner. Except as otherwise provided, of all taxes, interest and penalties collected or received on or after April first, nineteen hundred ninety-nine, from the taxes imposed by [sections] SECTION three hundred one-a [and three hundred one-e] of this article, (i) initially sixty-nine and eight-tenths percent shall be deposited, as prescribed by subdivision (d) of section three hundred one-j of this article, (ii) ten and seven-tenths percent shall be deposited and disposed of pursuant to such section one hundred seventy-one-a of this chapter in the general fund and (iii) nineteen and one-half percent shall be deposited in such mass transportation operating assistance fund as prescribed in the aforestated manner. Except as otherwise provided, of all taxes, interest and penalties collected or received on or after April first, two thousand one, from the taxes imposed by [sections] SECTION three hundred one-a [and three hundred one-e] of this article, (i) initially eighty and three-tenths percent shall be deposited, as prescribed by subdivision (d) of section three hundred one-j of this article and (ii) nineteen and seven-tenths percent shall be deposited in such mass transportation operating assistance fund as prescribed in the aforestated manner.

Provided, further, that on or before the twenty-fifth day of each month commencing with October, nineteen hundred ninety and terminating with the month of March, two thousand one, the comptroller shall deduct the amount of six hundred twenty-five thousand dollars prior to any deposit or disposition of the taxes, interest and penalties collected or received pursuant to such [sections] SECTION three hundred one-a [and three hundred one-e] and shall pay such amount to the state treasury to the credit of the general fund. Provided, further that on or before the twenty-fifth day of each month commencing with April, two thousand one, the comptroller shall deduct the amount of six hundred twenty-five thousand dollars prior to any deposit or disposition of the taxes, interest, and penalties collected or received pursuant to such [sections] SECTION three hundred one-a [and three hundred one-e] and shall deposit such amount in the dedicated fund accounts pursuant to subdivision (d) of

section three hundred one-j of this article. Provided, further, that commencing January fifteenth, nineteen hundred ninety-one, and on or before the tenth day of March and the fifteenth day of June and September of such year, the commissioner shall, based on information supplied by taxpayers and other appropriate sources, estimate the amount of the utility credit authorized by section three hundred one-d of this article which has been accrued to reduce tax liability under section one hundred eighty-six-a of this chapter during the period covered by such estimate and certify to the state comptroller such estimated amount. The comptroller shall forthwith, after receiving such certificate, deduct the amount of such credit so certified by the commissioner prior to any deposit or disposition of the taxes, interest and penalties collected or received pursuant to such [sections] SECTION three hundred one-a [and three hundred one-e] and shall pay such amount so certified and deducted into the state treasury to the credit of the general fund. As soon as practicable after April first, nineteen hundred ninety-one, nineteen hundred ninety-two and nineteen hundred ninety-three, but before June fifteenth of each such year, the commissioner shall determine the amount of the utility tax credit which has been actually used to reduce tax liability under such section one hundred eighty-six-a and shall certify the difference between such actual amount and the earlier estimated amount. Also, subsequently, during the fiscal year when the commissioner becomes aware of changes or modifications with respect to actual credit usage, the commissioner shall, as soon as practicable, issue a certification setting forth the amount of any required adjustment to the amount of actual credit usage previously certified. After receiving the certificate of the commissioner with respect to actual credit usage or modification of the same, the comptroller shall forthwith adjust general fund receipts and the revenues to be deposited or disposed of under this article to reflect the difference so certified by the commissioner. The commissioner shall not be liable for any overestimate or underestimate of the amount of the utility credit which has been accrued to reduce tax liability under such section one hundred eighty-six-a. Nor shall the commissioner be liable for any inaccuracy in any certificate with respect to the amount of such credit actually used or any required adjustment with respect to actual credit usage, but the commissioner shall as soon as practicable after discovery of any error adjust the next certification under this section to reflect any such error.

On or before July thirty-first, nineteen hundred ninety-two and on or before July thirty-first, nineteen hundred ninety-three, the commissioner shall conduct the following reconciliation with respect to the preceding fiscal year: he shall multiply the total of all taxes, penalties and interest, after refunds and reimbursements, which are derived from the motor fuel component, the automotive-type diesel motor fuel component and the aviation gasoline component by twenty fifty-fifths; the total of all taxes, penalties and interest, after refunds and reimbursements, which are derived from the nonautomotive-type diesel motor fuel component (excluding taxes, penalties and interest which are derived from product with respect to which the credit or reimbursement provided by section three hundred one-d is taken) by twenty-fiftieths; and all taxes, penalties and interest, after refunds and reimbursements, which are derived from the residual petroleum product component (excluding taxes, penalties and interest which are derived from product with respect to which the credit or reimbursement provided by section three hundred one-d is taken) by twenty-fortieths. The products of the foregoing multiplications shall be added together and the resulting sum of

such products shall be compared with the total of the amounts initially distributed during such fiscal year with respect to such components (excluding receipts derived from product with respect to which the credit or reimbursement provided by section three hundred one-d is taken and excluding any amount which represents a reconciliation adjustment pursuant to this paragraph) pursuant to section one hundred seventy-one-a of this chapter which represented thirty-five percent of the total, after refunds and reimbursements, of all taxes, penalties and interest collected or received during such fiscal year under [sections] SECTION three hundred one-a [and three hundred one-e] during the months of such fiscal year with respect to such components. The commissioner shall then certify the amount of such difference to the comptroller. If the amounts initially distributed in such fiscal year are greater than the sum of such products, the comptroller shall withhold an amount equal to twenty-seven and three-tenths percent of such difference from the first moneys otherwise payable to the general fund pursuant to this subdivision and shall pay such amount to the mass transportation operating assistance fund to the credit of the metropolitan mass transportation operating assistance account and the public transportation systems operating assistance account thereof in the aforestated manner. If the amounts initially distributed in such fiscal year are less than the sum of such products, the comptroller shall withhold an amount equal to twenty-seven and three-tenths percent of such difference from the first moneys otherwise payable to the mass transportation operating assistance fund pursuant to this subdivision and shall pay such amount to the general fund.

When the commissioner becomes aware of changes or modifications with respect to the distribution of revenue under this article, the commissioner shall, as soon as practicable, issue a certification setting forth the amount of any required adjustment. After receiving the certificate of the commissioner with respect to any adjustments, the comptroller shall forthwith adjust general fund receipts and the revenues to be deposited or disposed of under this article to reflect the difference so certified by the commissioner. The commissioner shall not be liable for any overestimate or underestimate of the amount of the distribution. Nor shall the commissioner be liable for any inaccuracy in any certificate with respect to the amount of the distribution or any required adjustment with respect to the distribution, but the commissioner shall as soon as practicable after discovery of any error adjust the next certification under this section to reflect any such error.

Prior to making deposits as provided in this subdivision, the comptroller shall retain such amount as the commissioner may determine to be necessary, subject to the approval of the director of the budget, for reasonable costs of the department in administering and collecting the taxes deposited pursuant to this subdivision and for refunds and reimbursements with respect to such taxes, out of which the comptroller shall pay any refunds or reimbursements of such taxes to which taxpayers shall be entitled.

S 7. This act shall take effect on the first of April next succeeding the date on which it shall have become a law.