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

6565

I N S E N A T E

February 6, 2014

Introduced by Sen. GIPSON -- read twice and ordered printed, and when printed to be committed to the Committee on Education

AN ACT to amend the education law, in relation to capping expenditures for administrative services; and to amend the tax law, in relation to creating the middle class circuit breaker tax credit

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

Section 1. This act shall be known and may be cited as the "Property Tax Relief Act".

S 2. Section 2 of the education law is amended by adding a new subdivision 25 to read as follows:

25. CENTRAL ADMINISTRATION SERVICES. THE TERM "CENTRAL ADMINISTRATION SERVICES" MEANS ALL CENTRAL ADMINISTRATION SERVICES PROVIDED BY A COMMON, UNION FREE, CENTRAL SCHOOL DISTRICT, OR CENTRAL HIGH SCHOOL DISTRICT INCLUDING, BUT NOT LIMITED TO EXPENDITURES, SALARIES AND OTHERWISE, FOR THE CHIEF SCHOOL OFFICER, THE SCHOOL PRINCIPAL, THE BUSINESS OFFICE, THE PURCHASING OFFICE, THE PERSONNEL OFFICE, THE RECORDS MANAGEMENT OFFICE, PUBLIC INFORMATION AND SERVICES, FEES FOR FISCAL AGENTS, THE DISTRICT CLERK'S OFFICE, THE DISTRICT MEETING, AUDITING SERVICES, THE TREASURER'S OFFICE, THE TAX COLLECTOR'S OFFICE, LEGAL SERVICES, THE SCHOOL CENSUS, THE SUPPORT STAFF AND CLERICAL STAFF FOR SUCH SERVICES, OFFICERS AND OFFICES AND INDIRECT COSTS AND OTHER UNCLASSIFIED EXPENDITURES. "CENTRAL ADMINISTRATION SERVICES" SHALL NOT INCLUDE TEACHER SALARIES, TRANSPORTATION SERVICES OR CAPITAL COSTS.

S 3. The education law is amended by adding a new section 1510-a to read as follows:

S 1510-A. CENTRAL ADMINISTRATION SERVICES. NO COMMON, UNION FREE, CENTRAL SCHOOL DISTRICT, OR CENTRAL HIGH SCHOOL DISTRICT SHALL, IN ANY FISCAL YEAR, EXPEND MORE THAN THREE PERCENT OF ITS TOTAL BUDGET FOR CENTRAL ADMINISTRATION SERVICES, AS SUCH TERM IS DEFINED PURSUANT TO SUBDIVISION TWENTY-FIVE OF SECTION TWO OF THIS CHAPTER.

S 4. The education law is amended by adding a new section 2023-b to read as follows:

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

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S 2023-B. CENTRAL ADMINISTRATION SERVICES. IN THE TWO THOUSAND FOURTEEN--TWO THOUSAND FIFTEEN SCHOOL YEAR, EVERY SCHOOL DISTRICT SHALL DECREASE THE TAX LEVY BY THE AMOUNT OF THE DECREASE IN ADMINISTRATIVE SERVICES FROM THE PREVIOUS YEAR REQUIRED BY SECTION FIFTEEN HUNDRED TEN-A OF THIS CHAPTER.

S 5. 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) MIDDLE CLASS CIRCUIT BREAKER CREDIT. (1) DEFINITIONS. FOR THE PURPOSES OF THIS SUBSECTION:

(A) "QUALIFIED TAXPAYER" MEANS A RESIDENT INDIVIDUAL OF THE STATE WHO OWNS OR RENTS THE RESIDENTIAL REAL PROPERTY IN WHICH HE OR SHE RESIDES, AND HAS RESIDED IN SUCH RESIDENTIAL REAL PROPERTY FOR NOT LESS THAN FIVE YEARS.

(B) "HOUSEHOLD" OR "MEMBERS OF THE HOUSEHOLD" MEANS A QUALIFIED TAXPAYER OR QUALIFIED TAXPAYERS AND ALL OTHER PERSONS, NOT NECESSARILY RELATED, WHO ALL RESIDE IN THE RESIDENTIAL REAL PROPERTY OWNED BY THE TAXPAYER OR TAXPAYERS, AND SHARE ITS FURNISHINGS, FACILITIES AND ACCOMMODATIONS; PROVIDED THAT NO PERSON MAY BE A MEMBER OF MORE THAN ONE HOUSEHOLD AT ONE TIME.

(C) "HOUSEHOLD GROSS INCOME" MEANS THE AGGREGATE ADJUSTED GROSS INCOME OF ALL MEMBERS OF THE HOUSEHOLD FOR THE TAXABLE YEAR AS REPORTED FOR FEDERAL INCOME TAX PURPOSES, OR WHICH WOULD BE REPORTED AS ADJUSTED GROSS INCOME IF A FEDERAL INCOME TAX RETURN WERE REQUIRED TO BE FILED, WITH THE MODIFICATIONS IN SUBSECTION (B) OF SECTION SIX HUNDRED TWELVE OF THIS ARTICLE BUT WITHOUT THE MODIFICATIONS IN SUBSECTION (C) OF SUCH SECTION, PLUS ANY PORTION OF THE GAIN FROM THE SALE OR EXCHANGE OF PROPERTY OTHERWISE EXCLUDED FROM SUCH AMOUNT; EARNED INCOME FROM SOURCES WITHOUT THE UNITED STATES EXCLUDABLE FROM FEDERAL GROSS INCOME BY SECTION NINE HUNDRED ELEVEN OF THE INTERNAL REVENUE CODE; SUPPORT MONEY NOT INCLUDED IN ADJUSTED GROSS INCOME; NONTAXABLE STRIKE BENEFITS; SUPPLEMENTAL SECURITY INCOME PAYMENTS; THE GROSS AMOUNT OF ANY PENSION OR ANNUITY BENEFITS TO THE EXTENT NOT INCLUDED IN SUCH ADJUSTED GROSS INCOME (INCLUDING, BUT NOT LIMITED TO, RAILROAD RETIREMENT BENEFITS AND ALL PAYMENTS RECEIVED UNDER THE FEDERAL SOCIAL SECURITY ACT AND VETERANS' DISABILITY PENSIONS); NONTAXABLE INTEREST RECEIVED FROM THE STATE OF NEW YORK, ITS AGENCIES, INSTRUMENTALITIES, PUBLIC CORPORATIONS, OR POLITICAL SUBDIVISIONS (INCLUDING A PUBLIC CORPORATION CREATED PURSUANT TO AGREEMENT OR COMPACT WITH ANOTHER STATE OR CANADA); WORKERS' COMPENSATION; THE GROSS AMOUNT OF "LOSS-OF-TIME" INSURANCE; AND THE AMOUNT OF CASH PUBLIC ASSISTANCE AND RELIEF, OTHER THAN MEDICAL ASSISTANCE FOR THE NEEDY, PAID TO OR FOR THE BENEFIT OF THE QUALIFIED TAXPAYER OR MEMBERS OF HIS OR HER HOUSEHOLD. HOUSEHOLD GROSS INCOME SHALL NOT INCLUDE SURPLUS FOODS OR OTHER RELIEF IN KIND OR PAYMENTS MADE TO INDIVIDUALS BECAUSE OF THEIR STATUS AS VICTIMS OF NAZI PERSECUTION AS DEFINED IN PUBLIC LAW 103-286 OR ANY DISABILITY COMPENSATION RECEIVED BY VETERANS ON ACCOUNT OF INJURY OR ILLNESS INCURRED OR AGGRAVATED DURING MILITARY SERVICE IN THE WARS IN AFGHANISTAN AND IRAQ SINCE SEPTEMBER ELEVENTH, TWO THOUSAND ONE. PROVIDED, FURTHER, HOUSEHOLD GROSS INCOME SHALL ONLY INCLUDE ALL SUCH INCOME RECEIVED BY ALL MEMBERS OF THE HOUSEHOLD WHILE MEMBERS OF SUCH HOUSEHOLD.

(D) "ADJUSTED RENT" MEANS RENT PAID FOR THE RIGHT OF OCCUPANCY OF A RESIDENCE.

(E) "REAL PROPERTY TAX EQUIVALENT" MEANS (1) FOR TAXABLE YEARS BEGINNING IN TWO THOUSAND FIFTEEN, FIFTEEN PERCENT OF THE ADJUSTED RENT ACTU-

ALLY PAID IN THE TAXABLE YEAR BY A HOUSEHOLD SOLELY FOR THE RIGHT OF OCCUPANCY OF ITS NEW YORK RESIDENCE FOR THE TAXABLE YEAR. IF (I) A RESIDENCE IS RENTED TO TWO OR MORE INDIVIDUALS AS COTENANTS, OR SUCH INDIVIDUALS SHARE IN THE PAYMENT OF A SINGLE RENT FOR THE RIGHT OF OCCUPANCY OF SUCH RESIDENCE, AND (II) EACH OF SUCH INDIVIDUALS IS A MEMBER OF A DIFFERENT HOUSEHOLD, ONE OR MORE OF WHICH INDIVIDUALS SHARES SUCH RESIDENCE, REAL PROPERTY TAX EQUIVALENT IS THAT PORTION OF FIFTEEN PERCENT OF THE ADJUSTED RENT PAID IN THE TAXABLE YEAR WHICH REFLECTS THAT PORTION OF THE RENT ATTRIBUTABLE TO THE QUALIFIED TAXPAYER AND THE MEMBERS OF HIS OR HER HOUSEHOLD; AND (2) FOR TAXABLE YEARS BEGINNING IN TWO THOUSAND SEVENTEEN AND THEREAFTER, TWENTY PERCENT OF THE ADJUSTED RENT ACTUALLY PAID IN THE TAXABLE YEAR BY A HOUSEHOLD SOLELY FOR THE RIGHT OF OCCUPANCY OF ITS NEW YORK RESIDENCE FOR THE TAXABLE YEAR. IF (I) A RESIDENCE IS RENTED TO TWO OR MORE INDIVIDUALS AS COTENANTS, OR SUCH INDIVIDUALS SHARE IN THE PAYMENT OF A SINGLE RENT FOR THE RIGHT OF OCCUPANCY OF SUCH RESIDENCE, AND (II) EACH OF SUCH INDIVIDUALS IS A MEMBER OF A DIFFERENT HOUSEHOLD, ONE OR MORE OF WHICH INDIVIDUALS SHARES SUCH RESIDENCE, REAL PROPERTY TAX EQUIVALENT IS THAT PORTION OF TWENTY PERCENT OF THE ADJUSTED RENT PAID IN THE TAXABLE YEAR WHICH REFLECTS THAT PORTION OF THE RENT ATTRIBUTABLE TO THE QUALIFIED TAXPAYER AND THE MEMBERS OF HIS OR HER HOUSEHOLD.

(F) "NET REAL PROPERTY TAX" MEANS THE REAL PROPERTY TAXES ASSESSED ON THE RESIDENTIAL REAL PROPERTY OWNED AND OCCUPIED BY THE TAXPAYER OR TAXPAYERS AFTER ANY EXEMPTION OR ABATEMENT RECEIVED PURSUANT TO THE REAL PROPERTY TAX LAW.

(2) CREDIT. A QUALIFIED TAXPAYER SHALL BE ALLOWED A CREDIT AGAINST THE TAXES IMPOSED BY THIS ARTICLE, EQUAL TO SEVENTY PERCENT OF THE AMOUNT BY WHICH THE TAXPAYER'S NET REAL PROPERTY TAX OR THE TAXPAYER'S REAL PROPERTY TAX EQUIVALENT EXCEEDS THE TAXPAYER'S MAXIMUM REAL PROPERTY TAX, AS DETERMINED BY PARAGRAPH THREE OF THIS SUBSECTION. IF SUCH CREDIT EXCEEDS THE TAX FOR SUCH TAXABLE YEAR, AS REDUCED BY THE OTHER CREDITS PERMITTED BY THIS ARTICLE, THE QUALIFIED TAXPAYER MAY RECEIVE, AND THE COMPTROLLER, SUBJECT TO A CERTIFICATE OF THE DEPARTMENT, SHALL PAY AS AN OVERPAYMENT, WITHOUT INTEREST, ANY EXCESS BETWEEN SUCH TAX AS SO REDUCED AND THE AMOUNT OF THE CREDIT. IF A QUALIFIED TAXPAYER IS NOT REQUIRED TO FILE A RETURN PURSUANT TO SECTION SIX HUNDRED FIFTY-ONE OF THIS ARTICLE, A QUALIFIED TAXPAYER MAY NEVERTHELESS RECEIVE AND THE COMPTROLLER, SUBJECT TO A CERTIFICATE OF THE DEPARTMENT, SHALL PAY AS AN OVERPAYMENT THE FULL AMOUNT OF THE CREDIT, WITHOUT INTEREST.

(3) MAXIMUM REAL PROPERTY TAX. (A) A QUALIFIED TAXPAYER'S MAXIMUM REAL PROPERTY TAX SHALL BE DETERMINED AS FOLLOWS:

(I) FOR TAX YEARS BEGINNING IN TWO THOUSAND FIFTEEN:

HOUSEHOLD GROSS INCOME	MAXIMUM REAL PROPERTY TAX
ONE HUNDRED THOUSAND DOLLARS OR LESS	NINE PERCENT OF THE HOUSEHOLD GROSS INCOME
MORE THAN ONE HUNDRED THOUSAND DOLLARS	NO LIMITATION.

(II) FOR TAX YEARS BEGINNING IN TWO THOUSAND SIXTEEN:

HOUSEHOLD GROSS INCOME	MAXIMUM REAL PROPERTY TAX
ONE HUNDRED THOUSAND DOLLARS OR LESS	EIGHT AND ONE-HALF PERCENT OF THE HOUSEHOLD GROSS INCOME
MORE THAN ONE HUNDRED THOUSAND DOLLARS	NO LIMITATION.

(III) FOR TAX YEARS BEGINNING IN TWO THOUSAND SEVENTEEN:

HOUSEHOLD GROSS INCOME	MAXIMUM REAL PROPERTY TAX

ONE HUNDRED THOUSAND DOLLARS OR LESS	SEVEN AND ONE-HALF PERCENT OF HOUSEHOLD GROSS INCOME
MORE THAN ONE HUNDRED THOUSAND DOLLARS, BUT LESS THAN OR EQUAL TO ONE HUNDRED FIFTY THOUSAND DOLLARS	SEVEN AND ONE-HALF PERCENT OF ONE HUNDRED THOUSAND DOLLARS PLUS EIGHT AND ONE-HALF PERCENT OF HOUSEHOLD GROSS INCOME ABOVE ONE HUNDRED THOUSAND DOLLARS
MORE THAN ONE HUNDRED FIFTY THOUSAND DOLLARS	NO LIMITATION.

(IV) FOR TAX YEARS BEGINNING IN TWO THOUSAND EIGHTEEN AND THEREAFTER:

HOUSEHOLD GROSS INCOME	MAXIMUM REAL PROPERTY TAX
ONE HUNDRED THOUSAND DOLLARS OR LESS	SIX PERCENT OF HOUSEHOLD GROSS INCOME
MORE THAN ONE HUNDRED THOUSAND DOLLARS, BUT LESS THAN OR EQUAL TO ONE HUNDRED FIFTY THOUSAND DOLLARS	SIX PERCENT OF ONE HUNDRED THOUSAND DOLLARS PLUS SEVEN PERCENT OF HOUSEHOLD GROSS INCOME ABOVE ONE HUNDRED THOUSAND DOLLARS
MORE THAN ONE HUNDRED FIFTY THOUSAND DOLLARS, BUT LESS THAN OR EQUAL TO TWO HUNDRED FIFTY THOUSAND DOLLARS	SIX PERCENT OF ONE HUNDRED THOUSAND DOLLARS PLUS SEVEN PERCENT OF FIFTY THOUSAND DOLLARS PLUS EIGHT AND ONE-HALF PERCENT OF HOUSEHOLD GROSS INCOME ABOVE ONE HUNDRED FIFTY THOUSAND DOLLARS
MORE THAN TWO HUNDRED FIFTY THOUSAND DOLLARS	NO LIMITATION.

(B) THE THRESHOLDS OF HOUSEHOLD GROSS INCOME ESTABLISHED BY CLAUSE (IV) OF SUBPARAGRAPH (A) OF THIS PARAGRAPH SHALL BE INDEXED FOR INFLATION FOR TAX YEARS BEGINNING IN TWO THOUSAND NINETEEN AND THEREAFTER.

(4) EXCLUSIONS FROM ELIGIBILITY. NO CREDIT SHALL BE GRANTED UNDER THIS SUBSECTION IF THE QUALIFIED TAXPAYER CLAIMS THE REAL PROPERTY TAX CIRCUIT BREAKER CREDIT, PURSUANT TO SUBSECTION (E) OF THIS SECTION, DURING THE TAXABLE YEAR.

S 6. This act shall take effect immediately.