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

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2015-2016 Regular Sessions

I N S E N A T E

February 2, 2015

Introduced by Sens. KRUEGER, PERKINS -- read twice and ordered printed, and when printed to be committed to the Committee on Finance

AN ACT to amend the executive law, in relation to cost benefit analysis of tax expenditures

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

Section 1. Subdivision 1 of section 181 of the executive law is amended by adding three new paragraphs (c), (d) and (e) to read as follows:

(C) "COST BENEFIT ANALYSIS" SHALL MEAN, FOR TAX EXPENDITURES CLAIMED BY TAXPAYERS SUBJECT TO ARTICLES NINE (OTHER THAN SECTION ONE HUNDRED EIGHTY), NINE-A, THIRTEEN-A, TWENTY-EIGHT, THIRTY-TWO, AND THIRTY-THREE OF THE TAX LAW, A METHOD OF DETERMINING A TAX EXPENDITURE'S BENEFIT TO NEW YORK STATE BASED ON THE TAX EXPENDITURE RECIPIENT'S PROJECTED JOB CREATION OR JOB RETENTION AND/OR INVESTMENT IN THE STATE VERSUS THE TOTAL AMOUNT OF REVENUES FOREGONE UNDER THE TAX EXPENDITURE. FOR TAX EXPENDITURES CLAIMED BY TAXPAYERS SUBJECT TO ARTICLES TWENTY-TWO AND THIRTY-ONE OF THE TAX LAW, "COST BENEFIT ANALYSIS" SHALL MEAN A METHOD OF DETERMINING A TAX EXPENDITURE'S BENEFIT TO NEW YORK STATE BASED ON THE AMOUNT OF TAX RELIEF A TAX EXPENDITURE PROVIDES TO PARTICULAR CLASSES OF PERSONS OR ENTITIES.

(D) "COST BENEFIT ANALYSIS RATIO" SHALL MEAN THE RATIO CALCULATED BY A COST BENEFIT ANALYSIS OF A TAX EXPENDITURE.

(E) "COST BENEFIT ANALYSIS TARGET RATIO" SHALL MEAN THE COST BENEFIT ANALYSIS RATIO LEVEL THAT THE GOVERNOR DEEMS TO REFLECT A TAX EXPENDITURE'S ADEQUATE LEVEL OF BENEFIT TO NEW YORK STATE WHEN TAKING INTO CONSIDERATION THE AMOUNT OF REVENUES THE STATE FOREGOES BECAUSE OF A TAX EXPENDITURE AND THE AMOUNT OF TAX RELIEF OR JOB CREATION OR JOB RETENTION OR INVESTMENT IN THE STATE PROVIDED OR SUPPORT BY THE TAX EXPENDITURE.

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

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S 2. Paragraphs (f) and (g) of subdivision 2 of section 181 of the executive law, as added by chapter 23 of the laws of 1990, are amended and five new paragraphs (h), (i), (j), (k) and (l) are added to read as follows:

(f) comment, if any, on the effectiveness and efficiency of other tax expenditures; [and]

(g) general cautionary and advisory notes concerning limitations of data, estimation procedures, sampling errors and imputed values, prominently displayed[.]; AND

(H) A COST BENEFIT ANALYSIS OF EACH TAX EXPENDITURE;

(I) A COMPARISON BETWEEN EACH TAX EXPENDITURE'S COST BENEFIT ANALYSIS RATIO AND THE TAX EXPENDITURE'S TARGET RATIO, ALONG WITH AN EXPLANATION FOR ANY DIFFERENCE BETWEEN THE TWO RATIOS;

(J) AN ANALYSIS OF WHETHER EACH TAX EXPENDITURE HAS SUCCESSFULLY ACHIEVED THE PURPOSE FOR WHICH THE TAX EXPENDITURE WAS ENACTED AND CURRENTLY SERVES, INCLUDING AN ANALYSIS OF THE PERSONS OR ENTITIES THAT ARE BENEFITED BY THE TAX EXPENDITURE;

(K) AN EXPLANATION OF THE COST BENEFIT ANALYSIS FORMULA APPLIED TO EACH TAX EXPENDITURE; AND

(L) AN EXPLANATION OF EACH TAX EXPENDITURE'S TARGET RATIO, INCLUDING A DESCRIPTION OF WHY THE RATIO REFLECTS ADEQUATE LEVELS OF TAX RELIEF OR JOB CREATION OR JOB RETENTION OR INVESTMENT IN THE STATE.

S 3. Subdivision 3 of section 181 of the executive law is renumbered subdivision 5 and two new subdivisions 3 and 4 are added to read as follows:

3. COST BENEFIT ANALYSIS FORMULA. THE GOVERNOR SHALL DEVELOP FOR EACH TAX EXPENDITURE A COST BENEFIT ANALYSIS FORMULA FOR DETERMINING THE COST BENEFIT ANALYSIS RATIO.

4. COST BENEFIT ANALYSIS TARGET RATIO. THE GOVERNOR SHALL DETERMINE FOR EACH TAX EXPENDITURE A COST BENEFIT ANALYSIS TARGET RATIO.

S 4. This act shall take effect on the first of January next succeeding the date on which it shall have become a law.