

3080

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 ASSEM-
BLY, DO ENACT AS FOLLOWS:

1 Section 1. Subdivision 1 of section 181 of the executive law is
2 amended by adding three new paragraphs (c), (d) and (e) to read as
3 follows:
4 (C) "COST BENEFIT ANALYSIS" SHALL MEAN, FOR TAX EXPENDITURES CLAIMED
5 BY TAXPAYERS SUBJECT TO ARTICLES NINE (OTHER THAN SECTION ONE HUNDRED
6 EIGHTY), NINE-A, THIRTEEN-A, TWENTY-EIGHT, THIRTY-TWO, AND THIRTY-THREE
7 OF THE TAX LAW, A METHOD OF DETERMINING A TAX EXPENDITURE'S BENEFIT TO
8 NEW YORK STATE BASED ON THE TAX EXPENDITURE RECIPIENT'S PROJECTED JOB
9 CREATION OR JOB RETENTION AND/OR INVESTMENT IN THE STATE VERSUS THE
10 TOTAL AMOUNT OF REVENUES FOREGONE UNDER THE TAX EXPENDITURE. FOR TAX
11 EXPENDITURES CLAIMED BY TAXPAYERS SUBJECT TO ARTICLES TWENTY-TWO AND
12 THIRTY-ONE OF THE TAX LAW, "COST BENEFIT ANALYSIS" SHALL MEAN A METHOD
13 OF DETERMINING A TAX EXPENDITURE'S BENEFIT TO NEW YORK STATE BASED ON
14 THE AMOUNT OF TAX RELIEF A TAX EXPENDITURE PROVIDES TO PARTICULAR CLASS-
15 ES OF PERSONS OR ENTITIES.
16 (D) "COST BENEFIT ANALYSIS RATIO" SHALL MEAN THE RATIO CALCULATED BY A
17 COST BENEFIT ANALYSIS OF A TAX EXPENDITURE.
18 (E) "COST BENEFIT ANALYSIS TARGET RATIO" SHALL MEAN THE COST BENEFIT
19 ANALYSIS RATIO LEVEL THAT THE GOVERNOR DEEMS TO REFLECT A TAX EXPENDI-
20 TURE'S ADEQUATE LEVEL OF BENEFIT TO NEW YORK STATE WHEN TAKING INTO
21 CONSIDERATION THE AMOUNT OF REVENUES THE STATE FOREGOES BECAUSE OF A TAX
22 EXPENDITURE AND THE AMOUNT OF TAX RELIEF OR JOB CREATION OR JOB
23 RETENTION OR INVESTMENT IN THE STATE PROVIDED OR SUPPORT BY THE TAX
24 EXPENDITURE.

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

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

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

7 (g) general cautionary and advisory notes concerning limitations of
8 data, estimation procedures, sampling errors and imputed values, promi-
9 nently displayed[.]; AND

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

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

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

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

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

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

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

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

31 S 4. This act shall take effect on the first of January next succeed-
32 ing the date on which it shall have become a law.