STATE OF NEW YORK

1692

2017-2018 Regular Sessions

IN ASSEMBLY

January 12, 2017

Introduced by M. of A. HEVESI, McDONALD -- read once and referred to the Committee on Ways and Means

AN ACT to amend the tax law, in relation to providing a tax deduction for the installation of mechanical insulation property

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

Section 1. Paragraph (a) of subdivision 9 of section 208 of the tax law is amended by adding a new subparagraph 20 to read as follows:

(20) The applicable percentage of the cost of mechanical insulation property installed in real property located in this state during the taxable year.

(A) Definitions. For purposes of this subparagraph, the following definitions shall apply: (i) "Applicable percentage" shall mean the lesser of: (I) thirty percent of the cost of the mechanical insulation property placed in service; or (II) the excess, if any, of (a) the energy savings, expressed as a percentage, obtained by placing such mechanical insulation property in service in connection with a mechanical system, over (b) the energy savings, expressed as a percentage, such property is required to meet by standard 90.1-2007, developed and published by the American society of heating, refrigerating and air-conditioning engineers.

(ii) "Cost" shall mean (I) the amounts paid during the taxable year for the purchase of mechanical insulation property that is installed during the taxable year and (II) labor costs paid during the taxable year that are properly allocable to the preparation, assembly and installation of mechanical insulation property; provided, however, in the case of removal and disposal of the old mechanical insulation property, cost shall mean thirty percent of the cost for purchase of the new mechanical insulation property, and provided, further, that if the taxpayer claims the exclusion provided by this subparagraph the taxpayer shall exclude all amounts included in the exclusion computation pursuant

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

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to this subparagraph from the computation of any other exclusion, deduction or credit provided by this chapter. The term cost shall not include any amount properly attributable to maintenance.

(iii) "Mechanical insulation property" shall mean insulation materials, facings and accessory products (I) placed in service in connection with a mechanical system which is located in the state of New York and is of a character subject to an allowance for depreciation; and (II) utilized for thermal, acoustical and personnel safety requirements for mechanical piping and equipment, hot and cold applications, and heating, venting and air conditioning applications which can be used in a variety of facilities.

(B) For the purposes of this subparagraph, energy savings shall be computed pursuant to the regulations promulgated by the commissioner of the department of environmental conservation, in consultation with NYSERDA.

§ 2. Subsection (c) of section 612 of the tax law is amended by adding a new paragraph 27 to read as follows:

(27) The applicable percentage of the cost of mechanical insulation property installed in real property located in this state during the taxable year.

(A) Definitions. For purposes of this paragraph, the following definitions shall apply:

(i) "Applicable percentage" shall mean the lesser of:

(I) thirty percent of the cost of the mechanical insulation property placed in service; or

(II) the excess, if any, of (a) the energy savings, expressed as a percentage, obtained by placing such mechanical insulation property in service in connection with a mechanical system, over (b) the energy savings, expressed as a percentage, such property is required to meet by standard 90.1-2007, developed and published by the American society of heating, refrigerating and air-conditioning engineers.

(ii) "Cost" shall mean (I) the amounts paid during the taxable year for the purchase of mechanical insulation property that is installed during the taxable year, and (II) for labor costs paid during the taxable year that are properly allocable to the preparation, assembly and installation of mechanical insulation property, provided, however, in the case of removal and disposal of the old mechanical insulation property, cost shall mean thirty percent of the cost for purchase of the new mechanical insulation property, and provided, further, that if the taxpayer claims the exclusion provided by this subparagraph the taxpayer shall exclude all amounts included in the exclusion computation pursuant to this subparagraph from the computation of any other exclusion, deduction or credit provided by this chapter. The term cost shall not include any amount properly attributable to maintenance.

(iii) "Mechanical insulation property" shall mean insulation materials, facings and accessory products (I) placed in service in connection with a mechanical system which is located in the state of New York and is of a character subject to an allowance for depreciation; and (II) utilized for thermal, acoustical and personnel safety requirements for mechanical piping and equipment, hot and cold applications, and heating, venting and air conditioning applications which can be used in a variety of facilities.

(B) For the purposes of this paragraph, energy savings shall be computed pursuant to the regulations promulgated by the commissioner of the department of environmental conservation, in consultation with NYSERDA.

§ 3. This act shall take effect on the one hundred twentieth day after it shall have become a law and shall apply to taxable years commencing on or after such effective date; provided, however, that effective immediately, the addition, amendment and/or repeal of any rule or regulation necessary for the implementation of this act on its effective date are authorized and directed to be made and completed on or before such effective date.