

STATE OF NEW YORK

10443

IN ASSEMBLY

May 18, 2020

Introduced by COMMITTEE ON RULES -- (at request of M. of A. Dinowitz) --
read once and referred to the Committee on Ways and Means

AN ACT to amend the tax law and the administrative code of the city of
New York, in relation to investment income

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

1 Section 1. This act shall be known and may be cited as the "opportunity zone tax break elimination act".

2
3 § 2. Paragraph (a) of subdivision 6 of section 208 of the tax law, as
4 amended by section 5 of part T of chapter 59 of the laws of 2015, is
5 amended to read as follows:

6 (a) (i) The term "investment income" means income, including capital
7 gains in excess of capital losses, from investment capital, to the
8 extent included in computing entire net income, less, (A) in the
9 discretion of the commissioner, any interest deductions allowable in
10 computing entire net income which are directly or indirectly attributable
11 to investment capital or investment income, (B) any capital gains
12 deferred or excluded under 26 U.S.C. §1400-z-2, provided, however, that
13 in no case shall investment income exceed entire net income. (ii) If the
14 amount of interest deductions subtracted under subparagraph (i) of this
15 paragraph exceeds investment income, the excess of such amount over
16 investment income must be added back to entire net income. (iii) If the
17 taxpayer's investment income determined without regard to the interest
18 deductions subtracted under subparagraph (i) of this paragraph comprises
19 more than eight percent of the taxpayer's entire net income, investment
20 income determined without regard to such interest deductions cannot
21 exceed eight percent of the taxpayer's entire net income.

22 § 3. Paragraph (a) of subdivision 5 of section 11-652 of the administrative
23 code of the city of New York, as added by section 1 of part D of
24 chapter 60 of the laws of 2015, is amended to read as follows:

25 (a) (i) The term "investment income" means income, including capital
26 gains in excess of capital losses, from investment capital, to the
27 extent included in computing entire net income, less, (A) in the
28 discretion of the commissioner of finance, any interest deductions

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

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1 allowable in computing entire net income which are directly or indirect-
2 ly attributable to investment capital or investment income, (B) any
3 capital gains deferred or excluded under 26 U.S.C §1400-z-2, provided,
4 however, that in no case shall investment income exceed entire net
5 income.

6 (ii) If the amount of interest deductions subtracted under subpara-
7 graph (i) of this paragraph exceeds investment income, the excess of
8 such amount over investment income must be added back to entire net
9 income.

10 (iii) If the taxpayer's investment income determined without regard to
11 the interest deductions subtracted under subparagraph (i) of this para-
12 graph comprises more than eight percent of the taxpayer's entire net
13 income, investment income determined without regard to such interest
14 deductions cannot exceed eight percent of the taxpayer's entire net
15 income.

16 § 4. This act shall take effect immediately and shall apply to taxable
17 years beginning on and after January 1, 2020.