

STATE OF NEW YORK

4511--A

2019-2020 Regular Sessions

IN SENATE

March 13, 2019

Introduced by Sen. SALAZAR -- read twice and ordered printed, and when printed to be committed to the Committee on Budget and Revenue -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the tax law, in relation to personal income tax rates and in relation to directing revenue generated from certain taxes to be deposited to the credit of the New York city housing authority and the division of housing and community renewal

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

Section 1. Subparagraph (B) of paragraph 1 of subsection (a) of section 601 of the tax law is amended by adding a new clause (ix) to read as follows:

(ix) For taxable years beginning after two thousand nineteen, the following rates shall apply:

| <u>If the New York taxable income is:</u> | <u>The tax is:</u> |
|---|---|
| <u>Over \$1,000,000 but not over \$5,000,000</u> | <u>\$66,578 plus 8.82% of excess over \$1,000,000</u> |
| <u>Over \$5,000,000 but not over \$10,000,000</u> | <u>\$419,378 plus 9.32% of excess over \$5,000,000</u> |
| <u>Over \$10,000,000 but not over \$100,000,000</u> | <u>\$885,378 plus 9.82% of excess over \$10,000,000</u> |
| <u>Over \$100,000,000</u> | <u>\$9,723,378 plus 10.32% of excess over \$100,000,000</u> |

§ 2. Subparagraph (B) of paragraph 1 of subsection (b) of section 601 of the tax law is amended by adding a new clause (ix) to read as follows:

(ix) For taxable years beginning after two thousand nineteen, the following rates shall apply:

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

LBD09982-03-9

| | |
|---|--|
| <u>If the New York taxable income is:</u> | <u>The tax is:</u> |
| <u>Over \$1,000,000 but not over</u> | <u>\$67,017 plus 8.82% of excess over</u> |
| <u>\$5,000,000</u> | <u>\$1,000,000</u> |
| <u>Over \$5,000,000 but not over</u> | <u>\$419,817 plus 9.32% of excess over</u> |
| <u>\$10,000,000</u> | <u>\$5,000,000</u> |
| <u>Over \$10,000,000 but not over</u> | <u>\$885,817 plus 9.82% of excess over</u> |
| <u>\$100,000,000</u> | <u>\$10,000,000</u> |
| <u>Over \$100,000,000</u> | <u>\$9,723,817 plus 10.32% of excess</u> |
| | <u>over \$100,000,000</u> |

§ 3. Subparagraph (B) of paragraph 1 of subsection (c) of section 601 of the tax law is amended by adding a new clause (ix) to read as follows:

(ix) For taxable years beginning after two thousand nineteen, the following rates shall apply:

| | |
|---|--|
| <u>If the New York taxable income is:</u> | <u>The tax is:</u> |
| <u>Over \$1,000,000 but not over</u> | <u>\$67,391 plus 8.82% of excess over</u> |
| <u>\$5,000,000</u> | <u>\$1,000,000</u> |
| <u>Over \$5,000,000 but not over</u> | <u>\$420,191 plus 9.32% of excess over</u> |
| <u>\$10,000,000</u> | <u>\$5,000,000</u> |
| <u>Over \$10,000,000</u> | <u>\$886,191 plus 9.82% of excess over</u> |
| | <u>\$10,000,000</u> |
| <u>Over \$100,000,000</u> | <u>\$9,724,191 plus 10.32% of excess</u> |
| | <u>over \$100,000,000</u> |

§ 4. Section 601 of the tax law is amended by adding a new subsection (d-2) to read as follows:

(d-2) Alternative tax table benefit recapture. For taxable years beginning after two thousand nineteen for a taxpayer whose New York taxable income is over \$1,000,000, there is hereby imposed a supplemental tax in addition to the tax imposed under subsections (a), (b) and (c) of this section for the purpose of recapturing the benefit of the tax tables contained in such subsections. During these taxable years, any reference in this chapter to subsection (d) of this section shall be read as a reference to this subsection.

(1) For resident married individuals filing joint returns and resident surviving spouses, the supplemental tax shall be an amount equal to the sum of the tax table benefits described in subparagraphs (A), (B), (C) and (D) of this paragraph multiplied by their respective fractions in such subparagraphs.

(A) The tax table benefit is the difference between (i) the amount of taxable income set forth in the tax table in clause (ii) of subparagraph (B) of paragraph one of subsection (a) of this section not subject to the 8.82 percent rate of tax for the taxable year multiplied by such rate and (ii) the dollar denominated tax for such amount of taxable income set forth in the tax table applicable to the taxable year in clause (ii) of subparagraph (B) of paragraph one of subsection (a) of this section less the sum of tax table benefits in subparagraphs (A), (B) and (C) of paragraph one of subsection (d-1) of this section. The fraction for this subparagraph is computed as follows: the numerator is the lesser of fifty thousand dollars or the excess of New York adjusted gross income for the taxable year over one million dollars and the denominator is fifty thousand dollars.

(B) The tax table benefit is the difference between (i) the amount of taxable income set forth in the tax table in clause (ii) of subparagraph (B) of paragraph one of subsection (a) of this section not subject to the 9.32 percent rate of tax for the taxable year multiplied by such

1 rate and (ii) the dollar denominated tax for such amount of taxable
2 income set forth in the tax table applicable to the taxable year in
3 clause (ii) of subparagraph (B) of paragraph one of subsection (a) of
4 this section less the sum of the tax table benefits in subparagraphs
5 (A), (B) and (C) of paragraph one of subsection (d-1) of this section
6 and such tax table benefit in subparagraph (A) of this paragraph. The
7 fraction for this subparagraph is computed as follows: the numerator is
8 the lesser of fifty thousand dollars or the excess of New York adjusted
9 gross income for the taxable year over five million dollars and the
10 denominator is fifty thousand dollars. Provided, however, this subpara-
11 graph shall not apply to taxpayers who are not subject to the 9.32
12 percent tax rate.

13 (C) The tax table benefit is the difference between (i) the amount of
14 taxable income set forth in the tax table in clause (ii) of subparagraph
15 (B) of paragraph one of subsection (a) of this section not subject to
16 the 9.82 percent rate of tax for the taxable year multiplied by such
17 rate and (ii) the dollar denominated tax for such amount of taxable
18 income set forth in the tax table applicable to the taxable year in
19 clause (ii) of paragraph (B) of paragraph one of subsection (a) of this
20 section less the sum of the tax table benefits in subparagraphs (A), (B)
21 and (C) of paragraph one of subsection (d-1) of this section and such
22 tax table benefits in subparagraphs (A) and (B) of this paragraph. The
23 fraction for this subparagraph is computed as follows: the numerator is
24 the lesser of fifty thousand dollars or the excess of New York adjusted
25 gross income for the taxable year over ten million dollars and the
26 denominator is fifty thousand dollars. Provided, however, this subpara-
27 graph shall not apply to taxpayers who are not subject to the 9.82
28 percent tax rate.

29 (D) The tax table benefit is the difference between (i) the amount of
30 taxable income set forth in the tax table in clause (ii) of subparagraph
31 (B) of paragraph one of subsection (a) of this section not subject to
32 the 10.32 percent rate of tax for the taxable year multiplied by such
33 rate and (ii) the dollar denominated tax for such amount of taxable
34 income set forth in the tax table applicable to the taxable year in
35 clause (ii) of subparagraph (B) of paragraph one of subsection (a) of
36 this section less the sum of the tax table benefits in subparagraphs
37 (A), (B) and (C) of paragraph one of subsection (d-1) of this section
38 and such tax table benefits in subparagraphs (A), (B) and (C) of this
39 paragraph. The fraction for this subparagraph is computed as follows:
40 the numerator is the lesser of fifty thousand dollars or the excess of
41 New York adjusted gross income for the taxable year over one hundred
42 million dollars and the denominator is fifty thousand dollars.

43 (E) Provided, however, the total tax prior to the application of any
44 tax credits shall not exceed the highest rate of tax set forth in the
45 tax tables in subsection (a) of this section multiplied by the taxpay-
46 er's taxable income.

47 (2) For resident heads of households, the supplemental tax shall be an
48 amount equal to the sum of the tax table benefits described in subpara-
49 graphs (A), (B), (C) and (D) of this paragraph multiplied by their
50 respective fractions in such subparagraphs.

51 (A) The tax table benefit is the difference between (i) the amount of
52 taxable income set forth in the tax table in clause (ii) of subparagraph
53 (B) of paragraph one of subsection (b) of this section not subject to
54 the 8.82 percent rate of tax for the taxable year multiplied by such
55 rate and (ii) the dollar denominated tax for such amount of taxable
56 income set forth in the tax table applicable to the taxable year in

1 clause (ii) of subparagraph (B) of paragraph one of subsection (b) of
2 this section less the sum of the tax table benefits in subparagraphs (A)
3 and (B) of paragraph two of subsection (d-1) of this section. The frac-
4 tion for this subparagraph is computed as follows: the numerator is the
5 lesser of fifty thousand dollars or the excess of New York adjusted
6 gross income for the taxable year over one million dollars and the
7 denominator is fifty thousand dollars.

8 (B) The tax table benefit is the difference between (i) the amount of
9 taxable income set forth in the tax table in clause (ii) of subparagraph
10 (B) of paragraph one of subsection (b) of this section not subject to
11 the 9.32 percent rate of tax for the taxable year multiplied by such
12 rate and (ii) the dollar denominated tax for such amount of taxable
13 income set forth in the tax table applicable to the taxable year in
14 clause (ii) of subparagraph (B) of paragraph one of subsection (b) of
15 this section less the sum of the tax table benefits in subparagraphs (A)
16 and (B) of paragraph two of subsection (d-1) of this section and such
17 tax table benefit in subparagraph (A) of this paragraph. The fraction
18 for this subparagraph is computed as follows: the numerator is the less-
19 er of fifty thousand dollars or the excess of New York adjusted gross
20 income for the taxable year over five million dollars and the denomina-
21 tor is fifty thousand dollars. Provided, however, this subparagraph
22 shall not apply to taxpayers who are not subject to the 9.32 percent tax
23 rate.

24 (C) The tax table benefit is the difference between (i) the amount of
25 taxable income set forth in the tax table in clause (ii) of subparagraph
26 (B) of paragraph one of subsection (b) of this section not subject to
27 the 9.82 percent rate of tax for the taxable year multiplied by such
28 rate and (ii) the dollar denominated tax for such amount of taxable
29 income set forth in the tax table applicable to the taxable year in
30 clause (ii) of subparagraph (B) of paragraph one of subsection (b) of
31 this section less the sum of the tax table benefits in subparagraphs (A)
32 and (B) of paragraph two of subsection (d-1) of this section and such
33 tax table benefits in subparagraphs (A) and (B) of this paragraph. The
34 fraction for this subparagraph is computed as follows: the numerator is
35 the lesser of fifty thousand dollars or the excess of New York adjusted
36 gross income for the taxable year over ten million dollars and the
37 denominator is fifty thousand dollars.

38 (D) The tax table benefit is the difference between (i) the amount of
39 taxable income set forth in the tax table in clause (ii) of subparagraph
40 (B) of paragraph one of subsection (b) of this section not subject to
41 the 10.32 percent rate of tax for the taxable year multiplied by such
42 rate and (ii) the dollar denominated tax for such amount of taxable
43 income set forth in the tax table applicable to the taxable year in
44 clause (ii) of subparagraph (B) of paragraph one of subsection (b) of
45 this section less the sum of the tax table benefits in subparagraphs (A)
46 and (B) of paragraph two of subsection (d-1) of this section and such
47 tax table benefits in subparagraphs (A), (B) and (C) of this paragraph.
48 The fraction for this subparagraph is computed as follows: the numerator
49 is the lesser of fifty thousand dollars or the excess of New York
50 adjusted gross income for the taxable year over one hundred million
51 dollars and the denominator is fifty thousand dollars.

52 (E) Provided, however, the total tax prior to the application of any
53 tax credits shall not exceed the highest rate of tax set forth in the
54 tax tables in subsection (b) of this section multiplied by the taxpay-
55 er's taxable income.

(3) For resident unmarried individuals, resident married individuals filing separate returns and resident estates and trusts, the supplemental tax shall be an amount equal to the sum of the tax table benefits described in subparagraphs (A), (B), (C) and (D) of this paragraph multiplied by their respective fractions in such subparagraphs.

(A) The tax table benefit is the difference between (i) the amount of taxable income set forth in the tax table in clause (ii) of subparagraph (B) of paragraph one of subsection (c) of this section not subject to the 8.82 percent rate of tax for the taxable year multiplied by such rate and (ii) the dollar denominated tax for such amount of taxable income set forth in the tax table applicable to the taxable year in clause (ii) of subparagraph (B) of paragraph one of subsection (c) of this section less the sum of tax table benefits in subparagraphs (A) and (B) of paragraph three of subsection (d-1) of this section. The fraction is computed as follows: the numerator is the lesser of fifty thousand dollars or the excess of New York adjusted gross income for the taxable year over one million dollars and the denominator is fifty thousand dollars.

(B) The tax table benefit is the difference between (i) the amount of taxable income set forth in the tax table in clause (ii) of subparagraph (B) of paragraph one of subsection (c) of this section not subject to the 9.32 percent rate of tax for the taxable year multiplied by such rate and (ii) the dollar denominated tax for such amount of taxable income set forth in the tax table applicable to the taxable year in clause (ii) of subparagraph (B) of paragraph one of subsection (c) of this section less the sum of the tax table benefits in subparagraphs (A) and (B) of paragraph three of subsection (d-1) of this section and such tax table benefit in subparagraph (A) of this paragraph. The fraction for this subparagraph is computed as follows: the numerator is the lesser of fifty thousand dollars or the excess of New York adjusted gross income for the taxable year over five million dollars and the denominator is fifty thousand dollars. Provided, however, this subparagraph shall not apply to taxpayers who are not subject to the 9.32 percent tax rate.

(C) The tax table benefit is the difference between (i) the amount of taxable income set forth in the tax table in clause (ii) of subparagraph (B) of paragraph one of subsection (c) of this section not subject to the 9.82 percent rate of tax for the taxable year multiplied by such rate and (ii) the dollar denominated tax for such amount of taxable income set forth in the tax table applicable to the taxable year in clause (ii) of subparagraph (B) of paragraph one of subsection (c) of this section less the sum of the tax table benefits in subparagraphs (A) and (B) of paragraph three of subsection (d-1) of this section and such tax table benefits in subparagraphs (A) and (B) of this paragraph. The fraction for this subparagraph is computed as follows: the numerator is the lesser of fifty thousand dollars or the excess of New York adjusted gross income for the taxable year over ten million dollars and the denominator is fifty thousand dollars.

(D) The tax table benefit is the difference between (i) the amount of taxable income set forth in the tax table in clause (ii) of subparagraph (B) of paragraph one of subsection (c) of this section not subject to the 10.32 percent rate of tax for the taxable year multiplied by such rate and (ii) the dollar denominated tax for such amount of taxable income set forth in the tax table applicable to the taxable year in clause (ii) of subparagraph (B) of paragraph one of subsection (c) of this section less the sum of the tax table benefits in subparagraphs (A)

1 and (B) of paragraph three of subsection (d-1) of this section and such
2 tax table benefits in subparagraphs (A), (B) and (C) of this paragraph.
3 The fraction for this subparagraph is computed as follows: the numerator
4 is the lesser of fifty thousand dollars or the excess of New York
5 adjusted gross income for the taxable year over one hundred million
6 dollars and the denominator is fifty thousand dollars.

7 (E) Provided, however, the total tax prior to the application of any
8 tax credits shall not exceed the highest rate of tax set forth in the
9 tax tables in subsection (c) of this section multiplied by the taxpay-
10 er's taxable income.

11 § 5. Subsection (f) of section 614 of the tax law, as amended by
12 section 11 of part FF of chapter 59 of the laws of 2013, is amended to
13 read as follows:

14 (f) Adjusted standard deduction. For taxable years beginning after two
15 thousand [~~seventeen~~] nineteen, the standard deductions set forth in this
16 section shall be the amounts set forth in this section adjusted by the
17 cost of living adjustment prescribed in section six hundred one-a of
18 this part for tax years two thousand thirteen [~~through two thousand~~
19 ~~seventeen~~] and thereafter.

20 § 6. Section 171-a of the tax law, as separately amended by chapters
21 481 and 484 of the laws of 1981, is amended by adding a new subdivision
22 3 to read as follows:

23 3. Notwithstanding subdivision one of this section or any other
24 provision of law to the contrary, the taxes imposed pursuant to clause
25 (ix) of subparagraph (B) of paragraph one of subsection (a), clause (ix)
26 of subparagraph (B) of paragraph one of subsection (b), and clause (ix)
27 of subparagraph (B) of paragraph one of subsection (c) of section six
28 hundred one of this chapter, reduced by an amount for administrative
29 costs, shall be deposited, as such taxes are received, as follows: (a)
30 eighty percent of the revenue shall be deposited to the credit of the
31 New York city housing authority; and (b) twenty percent of the revenue
32 shall be deposited to the credit of the division of housing and communi-
33 ty renewal for the purposes of construction, improvement, and preserva-
34 tion of public housing authorities outside the city of New York. The
35 amount for administrative costs shall be determined by the commissioner
36 to represent reasonable costs of the department of taxation and finance
37 in administering, collecting, determining and distributing such taxes.
38 Of the total revenue collected or received under such sections of this
39 chapter, the comptroller shall retain in his hands such amount as the
40 commissioner may determine to be necessary for refunds or reimbursements
41 under such clauses of such section of this chapter out of which amount
42 the comptroller shall pay any refunds or reimbursements to which taxpay-
43 ers shall be entitled under provisions of such sections. The commis-
44 sioner and the comptroller shall maintain a system of accounts showing
45 the amount of revenue collected or received from each of the taxes
46 imposed by such sections.

47 § 7. This act shall take effect immediately and shall apply to taxable
48 years beginning on or after January 1, 2020.