

# STATE OF NEW YORK

3926

2021-2022 Regular Sessions

## IN SENATE

February 1, 2021

Introduced by Sen. KENNEDY -- read twice and ordered printed, and when printed to be committed to the Committee on Budget and Revenue

AN ACT to amend the tax law, in relation to terminal rental adjustment clauses in motor vehicle leases

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

1 Section 1. Paragraph (B) of subdivision (i) of section 1111 of the tax  
2 law, as amended by chapter 20 of the laws of 1992, is amended to read as  
3 follows:

4 (B) (1) Notwithstanding any inconsistent provisions of this subdivi-  
5 sion, with respect to a lease of a motor vehicle described in paragraph  
6 (A) of this subdivision for a term of one year or more [~~(1)~~] which  
7 includes an indeterminate number of options to renew or other similar  
8 contractual provisions or which includes thirty-six or more monthly  
9 options to renew beyond the initial term, and [~~(2)~~] under which lease  
10 the lessee of such motor vehicle has certified in the writing described  
11 in clause (i) of subparagraph (C) of paragraph two of subsection (h) of  
12 section 7701 of the internal revenue code of 1986, under penalty of  
13 perjury, that the lessee intends that more than fifty percent of the use  
14 of such vehicle is to be in a trade or business of the lessee, the  
15 lessor shall: (i) pay tax on the receipts from the sale of or consider-  
16 ation given or contracted to be given for the purchase, as measured by  
17 subdivision (b) of section eleven hundred ten of this part, of such  
18 vehicle for lease; or (ii) collect and pay tax as measured by all  
19 receipts due or consideration given or contracted to be given under such  
20 lease for the first thirty-two months, or the period of the initial term  
21 if greater, of such lease shall be deemed to have been paid or given  
22 [~~and shall be subject to tax in accordance with the provisions of this~~  
23 ~~subdivision~~].

24 [~~For~~] (2) If a lessor collects and pays tax as measured under clause  
25 (ii) of subparagraph one of this paragraph, for each such option to

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

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1 renew, or similar provision, or combination of them, exercised after the  
2 first thirty-two months, or the period of such initial term, if longer,  
3 of any such lease, tax due under this article shall be collected and  
4 paid or paid over without regard to this subdivision.  
5 § 2. This act shall take effect immediately.