

# STATE OF NEW YORK

1845

2023-2024 Regular Sessions

## IN SENATE

January 17, 2023

Introduced by Sen. COMRIE -- 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 a tax on gross income upon every corporation which derives income from the data individuals of this state share with such corporations; and to amend the state finance law, in relation to establishing the New York data fund

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

1 Section 1. Section 209 of the tax law is amended by adding a new  
2 subdivision 13 to read as follows:

3 13. Notwithstanding any other provision of this chapter, or of any  
4 other law, a tax equal to five percent tax on the gross income is hereby  
5 imposed upon every corporation which derives income from the data indi-  
6 viduals of this state share with such corporations.

7 § 2. The state finance law is amended by adding a new section 99-qq to  
8 read as follows:

9 § 99-qq. Data fund. 1. A special fund to be known as the "New York  
10 data fund" is hereby established in the custody of the state comptroller  
11 and the commissioner of taxation and finance.

12 2. The fund shall consist of all monies transferred to such fund  
13 pursuant to law, all monies required by any provision of law to be paid  
14 into or credited to the fund, all moneys derived by subdivision thirteen  
15 of section two hundred nine of the tax law and any interest earnings  
16 which may accrue from the investment of monies in the fund. Such fund  
17 shall be divided into an earnings reserve account and a dividend fund.  
18 Nothing contained in this section shall prevent the state from receiving  
19 grants, gifts or bequests for the purposes of the fund as defined in  
20 this section and depositing them into the fund according to law.

21 3. For the purposes of this section:

22 (a) "Board" means the board of trustees of the New York data fund  
23 board.

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

LBD03607-01-3

1 (b) "Fund" means the New York data fund.

2 4. There is established the New York data fund board. The purpose of  
3 the board is to manage and invest the assets of the data fund and other  
4 funds designated by law pursuant to this section.

5 5. (a) The board consists of six members appointed by the governor.  
6 Two of the members shall be commissioners of departments of state  
7 government, one of whom shall be the commissioner of taxation and  
8 finance. The remaining four members shall be appointed as follows: one  
9 by the temporary president of the senate; one by the minority leader of  
10 the senate; one by the speaker of the assembly; and one by the minority  
11 leader of the assembly. Such members may not hold any other state or  
12 federal office, position or employment, either elective or appointive,  
13 except as a member of the armed forces of either the United States or of  
14 this state.

15 (b) The four public members of the board must have recognized compe-  
16 tence and wide experience in finance, investments, or other business  
17 management-related fields.

18 (c) The board shall annually elect a chairman from among its members.

19 (d) The public members of the board shall be appointed for terms of  
20 four years, and they may be reappointed. The terms of the public members  
21 shall be staggered so that no more than one term of a public member  
22 expires each year.

23 (i) A vacancy on the board shall be promptly filled by appointment by  
24 the governor, subject to approval by the senate. An appointee to a  
25 vacancy shall hold office for the balance of the term for which the  
26 appointee's predecessor on the board was appointed.

27 (ii) A vacancy on the board does not impair the authority of a quorum  
28 of the board to exercise all the powers and perform all the duties of  
29 the board.

30 (e) Four members of the board constitute a quorum for the transaction  
31 of business and the exercise of the powers and duties of the board.  
32 Action may be taken only upon affirmative vote of a majority of the full  
33 membership of the board.

34 (f) Public members of the board receive an honorarium of four hundred  
35 dollars for each day spent at a meeting of the board or at a meeting of  
36 a subcommittee of the board or at a public meeting as a representative  
37 of the board. Members of the board are entitled to per diem and travel  
38 allowances as provided by law for members of state boards and commis-  
39 sions.

40 (g) If a member of the board or an employee of the corporation  
41 acquires, owns, or controls an interest, direct or indirect, in an enti-  
42 ty or project in which fund assets are invested, the member shall imme-  
43 diately disclose the interest to the board. The disclosure is a matter  
44 of public record and shall be included in the minutes of the board meet-  
45 ing next following the disclosure.

46 (h) On or before the first of January each year, the commissioner of  
47 taxation and finance shall provide a written report to the temporary  
48 president of the senate, speaker of the assembly, chair of the senate  
49 finance committee, chair of the assembly ways and means committee, chair  
50 of the senate committee on codes, chair of the assembly codes committee,  
51 the state comptroller and the public. Such report shall include how the  
52 monies of the fund were utilized during the preceding calendar year, and  
53 shall include, but not be limited to:

54 (i) the amount of money dispersed from the fund and the award process  
55 used for such disbursements; and

56 (ii) the amount awarded to each taxpayer.

1 6. (a) The board shall adopt rules and regulations specifically design-  
2 ating the types of income-producing investments eligible for investment  
3 of fund assets. When adopting rules and regulations authorized by this  
4 section or managing and investing fund assets, the prudent-investor rule  
5 shall be applied by the board. The prudent-investor rule as applied to  
6 investment activity of the fund means that the board shall exercise the  
7 judgment and care under the circumstances then prevailing that an insti-  
8 tutional investor of ordinary prudence, discretion, and intelligence  
9 exercises in the designation and management of large investments  
10 entrusted to it, not in regard to speculation, but in regard to the  
11 permanent disposition of funds, considering preservation of the purchas-  
12 ing power of the fund over time while maximizing the expected total  
13 return from both income and the appreciation of capital.

14 (b) The board may not borrow money or guarantee from principal of the  
15 fund the obligations of others, except as provided in this subdivision.  
16 With respect to investments of the fund, the board may, either directly  
17 or through an entity in which the investment is made, borrow money if  
18 the borrowing is nonrecourse to the board and the fund.

19 (c) The board shall maintain a reasonable diversification among  
20 investments unless, under the circumstances, it is clearly prudent not  
21 to do so. The board shall invest the assets of the fund in in-state  
22 investments to the extent that in-state investments are available and if  
23 the in-state investments:

24 (i) have a risk level and expected return comparable to alternate  
25 investment opportunities; and

26 (ii) are eligible for investment of fund assets.

27 (d) The board may enter into and enforce all contracts necessary,  
28 convenient, or desirable for managing the fund's assets and corporate  
29 operations, including contracts for future delivery to implement asset  
30 allocation strategies or to hedge an existing equivalent ownership posi-  
31 tion in an investment.

32 7. Net income of the fund includes income of this fund. Net income of  
33 the fund shall be computed annually as of the last day of the fiscal  
34 year in accordance with generally accepted accounting principles,  
35 excluding any unrealized gains or losses. Income available for distrib-  
36 ution equals twenty-one percent of the net income of the fund for the  
37 last five fiscal years, including the fiscal year just ended, but may  
38 not exceed net income of the fund for the fiscal year just ended plus  
39 the balance in this fund.

40 8. (a) The earnings reserve account is established as a separate  
41 account in the fund. Income from the fund shall be deposited by the  
42 board into the account as soon as it is received. Money in the account  
43 shall be invested in investments authorized under subdivision six of  
44 this section.

45 (b) At the end of each fiscal year, the board shall transfer from the  
46 earnings reserve account to the dividend fund established under this  
47 section, fifty percent of the income available for distribution.

48 (c) After the transfer under paragraph (b) of this subdivision, the  
49 board shall transfer from the earnings reserve account to the principal  
50 of the fund an amount sufficient to offset the effect of inflation on  
51 principal of the fund during that fiscal year. The board shall calculate  
52 the amount to transfer to the principal under this subdivision by:

53 (i) computing the average of the monthly United States Consumer Price  
54 Index for all urban consumers for each of the two previous calendar  
55 years;

1 (ii) computing the percentage change between the first and second  
2 calendar year average; and

3 (iii) applying that rate to the value of the principal of the fund on  
4 the last day of the fiscal year just ended.

5 9. The board shall determine and distribute such amounts to each  
6 taxpayer of the state.

7 10. The resources of the board or the fund may not be used to finance  
8 or influence political activities.

9 11. Monies of the fund, when allocated, shall be available to the  
10 department of taxation and finance for distribution to taxpayers of the  
11 state.

12 12. Monies shall be payable from the fund on the audit and warrant of  
13 the comptroller on vouchers approved and certified by board, in conjunc-  
14 tion with the commissioner of taxation and finance.

15 § 3. This act shall take effect on the one hundred eightieth day after  
16 it shall have become a law. Effective immediately, the addition, amend-  
17 ment and/or repeal of any rule or regulation necessary for the implemen-  
18 tation of this act on its effective date are authorized to be made and  
19 completed on or before such effective date.