

STATE OF NEW YORK

4474--A

2023-2024 Regular Sessions

IN ASSEMBLY

February 16, 2023

Introduced by M. of A. O'DONNELL -- read once and referred to the Committee on Corporations, Authorities and Commissions -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the public authorities law, the tax law and the administrative code of the city of New York, in relation to authorizing and imposing a tax surcharge on the personal income of certain high-income residents of such city in order to fund transit infrastructure improvements

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

1 Section 1. The public authorities law is amended by adding a new
2 section 1270-k to read as follows:

3 § 1270-k. New York city dedicated personal income tax surcharge fund.
4 1. The authority shall establish a fund to be known as the "New York
5 city dedicated personal income tax surcharge fund" which shall be kept
6 separate from and shall not be commingled with any other moneys of the
7 authority.

8 2. There shall be deposited into the New York city dedicated personal
9 income tax surcharge fund the moneys transferred to the metropolitan
10 transportation authority from the New York city transitional finance
11 authority pursuant to subsection (e) of section thirteen hundred four-E
12 of the tax law, and any other provision of law directing or permitting
13 the deposit of moneys in such fund, to be used exclusively for the
14 financing of transit infrastructure improvements.

15 3. Moneys in the New York city dedicated personal income tax surcharge
16 fund (a) shall be used to fund capital projects that satisfy the follow-
17 ing criteria: (i) defined as state of good repair, normal replacement,
18 or an Americans with Disabilities Act related system improvement within
19 the capital program of the authority; and (ii) included in any of the
20 following categories within the capital program of the authority: New

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

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1 York city transit authority buses, subway cars, track, line equipment,
2 line structures, signals and communications, traction power, shops and
3 yards, depots, service vehicles, passenger station projects, as needed
4 to comply with the Americans with Disabilities Act, Staten Island rail-
5 way and authority bus company projects; and (b) may be (i) pledged by
6 the authority as security for the payment of principal and interest on
7 bonds issued after July first, two thousand twenty-four to finance capi-
8 tal projects that meet the criteria identified in paragraph (a) of this
9 subdivision, including bonds issued to refund such bonds and (ii) used
10 for payment of principal and interest on such bonds, funding of reserves
11 required in connection with such bonds, and the payment of costs of
12 issuance related to such bonds. To the extent moneys in the New York
13 city dedicated personal income tax surcharge fund have been pledged by
14 the authority to secure the payment of principal and interest on bonds
15 as herein provided, moneys deposited into the New York city dedicated
16 personal income tax surcharge fund shall first be deposited into the New
17 York city dedicated personal income tax surcharge fund to the extent
18 necessary to make payments pursuant to paragraph (b) of this subdivi-
19 sion. After making such payments, moneys deposited in the New York city
20 dedicated personal income tax surcharge fund shall be used to fund
21 projects that meet the criteria identified in paragraph (a) of this
22 subdivision.

23 4. The state does hereby pledge and agree with the holders of any
24 issue of bonds secured by pledge described in paragraph (b) of subdivi-
25 sion three of this section that the state will not limit or alter the
26 rights hereby vested in the metropolitan transportation authority to
27 fulfill the terms of any agreements made with bondholders pursuant to
28 this title, or in any way impair the rights and remedies of such holders
29 or the security for such bonds until such bonds are fully paid and
30 discharged. Nothing contained in this section shall be deemed to
31 restrict the right of the state to amend, modify, repeal or otherwise
32 alter statutes imposing or relating to the taxes payable to the New York
33 city transitional finance authority pursuant to section thirteen hundred
34 thirteen of the tax law, but such taxes shall in all events continue to
35 be so payable so long as any such taxes are imposed. Nothing in this
36 section shall be deemed to obligate the state to make any additional
37 payments or impose any taxes to satisfy the debt service obligations of
38 the metropolitan transportation authority.

39 5. Twice each calendar year, the mayor of the city of New York shall
40 conduct a review of the amount of moneys deposited in the New York city
41 dedicated personal income tax surcharge fund. To the extent such review
42 indicates that the moneys in the New York city dedicated personal income
43 tax surcharge fund are sufficient to satisfy the requirements of any
44 debt service incurred in such calendar year as a result of obligations
45 issued and secured pursuant to paragraph (b) of subdivision three of
46 this section.

47 § 2. Subdivision 5 of section 2799-hh of the public authorities law,
48 as amended by section 6 of subpart B of part MM of chapter 59 of the
49 laws of 2022, is amended to read as follows:

50 5. Tax revenues received by the authority pursuant to subsection (d)
51 of section eight hundred seventy-three, or section thirteen hundred
52 thirteen, of the tax law, together with any alternative revenues
53 received by the authority, shall be applied in the following order of
54 priority: first pursuant to the authority's contracts with bondholders,
55 then to pay the authority's operating expenses not otherwise provided
56 for, then to a dedicated personal income tax surcharge fund pursuant to

1 subsection (d) of section thirteen hundred four-E of the tax law in the
 2 amount provided for in such section, and then pursuant to the authori-
 3 ty's agreements with the city, which agreements shall require the
 4 authority to transfer the balance of such taxes not required to meet
 5 contractual or other obligations of the authority to the city as
 6 frequently as practicable.

7 § 3. The tax law is amended by adding a new section 1304-E to read as
 8 follows:

9 § 1304-E. Tax surcharge for transit infrastructure improvements. (a)
 10 In addition to the taxes authorized by subsection (a) of section thir-
 11 teen hundred one of this article, any city imposing such taxes is hereby
 12 authorized and empowered to adopt and amend local laws imposing in any
 13 such city for each taxable year beginning after two thousand twenty-
 14 four, a tax surcharge on the city taxable income of certain city resi-
 15 dent individuals, estates and trusts.

16 (b) A tax surcharge imposed pursuant to the authority of this section
 17 shall be determined as follows:

18 (1) Resident married individuals filing joint returns and resident
 19 surviving spouses. The tax surcharge under this section on the city
 20 taxable income of certain city resident married individuals who make a
 21 single return jointly with his or her spouse under subsection (b) of
 22 section thirteen hundred six of this article and on the city taxable
 23 income of certain city resident surviving spouses shall be determined in
 24 accordance with the following table:

25 For taxable years beginning after two thousand twenty:

<u>If the city taxable income is:</u>	<u>The tax surcharge is:</u>
<u>Over \$1,000,000</u>	<u>.534% of excess over \$1,000,000</u>

28 (2) Resident heads of households. The tax surcharge under this section
 29 on the city taxable income of certain city resident heads of households
 30 shall be determined in accordance with the following table:

31 For taxable years beginning after two thousand twenty:

<u>If the city taxable income is:</u>	<u>The tax surcharge is:</u>
<u>Over \$750,000</u>	<u>.534% of excess over \$750,000</u>

34 (3) Resident unmarried individuals, resident married individuals
 35 filing separate returns and resident estates and trusts. The tax
 36 surcharge under this section on the city taxable income of certain city
 37 resident individuals who are not city resident married individuals who
 38 make a single return jointly with his or her spouse under subsection (b)
 39 of section thirteen hundred six of this article or city resident heads
 40 of households or city resident surviving spouses, and on the city taxa-
 41 ble income of certain city resident estates and trusts shall be deter-
 42 mined in accordance with the following table:

43 For taxable years beginning after two thousand twenty:

<u>If the city taxable income is:</u>	<u>The tax surcharge is:</u>
<u>Over \$500,000</u>	<u>.534% of excess over \$500,000</u>

46 (c) A tax surcharge imposed pursuant to the authority of this section
 47 shall be administered and collected in the same manner as the taxes
 48 imposed pursuant to the authority of this article, and all of the
 49 provisions of this article, including section thirteen hundred ten,
 50 shall apply to the tax surcharge imposed pursuant to the authority of
 51 this section.

52 (d) Subject to the priority of payments identified in section twenty-
 53 seven hundred ninety-nine-hh of the public authorities law, the New York
 54 city transitional finance authority shall transfer to the metropolitan
 55 transportation authority the amount estimated by the mayor of the city
 56 of New York to be the amount received by the New York city transitional

1 finance authority from the tax surcharge imposed pursuant to the author-
2 ity of this section, up to the total amount available after deducting
3 from revenues received by the New York city transitional finance author-
4 ity pursuant to this section and subsection (c) of section thirteen
5 hundred thirteen of this article amounts to be paid pursuant to the New
6 York city transitional finance authority's contracts with bondholders
7 and the New York city transitional finance authority's operating
8 expenses not otherwise provided for. After the mayor of the city of New
9 York has received data from the department allowing such mayor to deter-
10 mine the actual amount of revenues received by the New York city transi-
11 tional finance authority that are attributable to the tax surcharge
12 imposed pursuant to the authority of this section, such mayor shall
13 inform the New York city transitional finance authority of such actual
14 amount.

15 (e) Any revenues transferred to the metropolitan transportation
16 authority pursuant to subsection (d) of this section shall be paid into
17 a dedicated personal income tax surcharge fund to be used exclusively
18 for the financing of transit infrastructure improvements in accordance
19 with the provisions of section twelve hundred seventy-k of the public
20 authorities law. Such revenues shall only supplement and shall not
21 supplant any federal, state, or local funds expended by the metropolitan
22 transportation authority for New York city transit authority, the metro-
23 politan transportation authority bus company or Staten Island rapid
24 transit operating authority projects, and shall not affect any payment
25 by the city of New York pursuant to agreements relating to the metropol-
26 itan transportation authority bus company and Staten Island rapid trans-
27 it operating authority.

28 § 4. Paragraphs 1 and 2 of subsection (e) of section 1310 of the tax
29 law, as added by chapter 481 of the laws of 1997, are amended to read as
30 follows:

31 (1) Notwithstanding any other provision of law to the contrary, any
32 city imposing a tax under this article is hereby authorized and
33 empowered to adopt and amend local laws for any taxable year beginning
34 after nineteen hundred ninety-seven, as specified in such local laws,
35 providing for a credit as provided in paragraph two of this subsection
36 against the taxes imposed pursuant to the authority granted by section
37 thirteen hundred one of this article on the city taxable income deter-
38 mined pursuant to sections thirteen hundred four, thirteen hundred
39 four-A [~~and~~], thirteen hundred four-B and thirteen hundred four-E of
40 this article and on the ordinary income portion of a lump sum distrib-
41 ution determined pursuant to section thirteen hundred one-B of this
42 article, to any city resident individual, estate or trust whose city
43 adjusted gross income includes income, gain, loss or deductions from one
44 or more unincorporated businesses conducted by such city resident indi-
45 vidual, estate or trust on which a tax is imposed by chapter five of
46 title eleven of the administrative code of the city of New York, or a
47 distributive share of income, gain, loss and deductions of, or guaran-
48 teed payments from, one or more partnerships on which a tax is imposed
49 by such chapter. Any such local laws may contain provisions to ensure
50 that such credit shall not reduce the tax paid by a city resident below
51 that which would be paid by such city resident if such city resident
52 were a city nonresident.

53 (2) (A) Subject to the limitation set forth in subparagraph (B) of
54 this paragraph, the credit allowed to a taxpayer for a taxable year
55 shall be equal to all or a portion of the amount determined in paragraph

1 three of this subsection, provided, however, such portion shall not be
2 less than:

3 (i) If the city taxable income is forty-two thousand dollars or less,
4 sixty-five percent of the amount determined in paragraph three of this
5 subsection.

6 (ii) If the city taxable income is greater than forty-two thousand
7 dollars but not greater than one hundred forty-two thousand dollars, a
8 percentage of the amount determined in paragraph three of this
9 subsection to be determined by subtracting from sixty-five percent, one
10 tenth of a percentage point (.001) for every increment of two hundred
11 dollars, or fractional part thereof, of city taxable income in excess of
12 forty-two thousand dollars.

13 (iii) If the city taxable income is greater than one hundred forty-two
14 thousand dollars, fifteen percent of the amount determined in paragraph
15 three of this subsection.

16 (B) Notwithstanding anything to the contrary in subparagraph (A) of
17 this paragraph, the credit allowed to a taxpayer for a taxable year
18 under this subsection shall not exceed the sum of the taxes that would
19 otherwise be imposed on such taxpayer for such taxable year pursuant to
20 the authority granted by section thirteen hundred one of this article on
21 the city taxable income determined pursuant to sections thirteen hundred
22 four, thirteen hundred four-A ~~and~~, thirteen hundred four-B and thir-
23 teen hundred four-E of this article and on the ordinary income portion
24 of a lump sum distribution determined pursuant to section thirteen
25 hundred one-B of this article, reduced by the credits allowed to such
26 taxpayer pursuant to subsections (a), (c) and (d) of this section.

27 § 5. The opening paragraph of subsection (c) of section 1313 of the
28 tax law, as amended by section 8 of part C of chapter 58 of the laws of
29 2005, is amended to read as follows:

30 Subject to the provisions of subsection (g) of this section, the comp-
31 troller, after reserving such refund fund and such costs shall, commenc-
32 ing on or before the fifteenth day of each month, pay to the New York
33 city transitional finance authority on a daily basis the balance of
34 taxes imposed pursuant to the authority of this article or former arti-
35 cle two-E of the general city law to be applied by the authority, in the
36 following order of priority: first pursuant to the authority's contracts
37 with bondholders, then to pay the authority's operating expenses not
38 otherwise provided for, then to a dedicated personal income tax
39 surcharge fund pursuant to subsection (d) of section thirteen hundred
40 four-E of this article and then pursuant to the authority's agreements
41 with the city, which agreements shall require the authority to transfer
42 the balance of such taxes not required to meet contractual or other
43 obligations of the authority to the city as frequently as practicable;
44 except that the comptroller shall:

45 § 6. The administrative code of the city of New York is amended by
46 adding a new section 11-1704.2 to read as follows:

47 § 11-1704.2 Tax surcharge for transit infrastructure improvements. (a)
48 In addition to the taxes imposed by sections 11-1701, 11-1703, 11-1704
49 and 11-1704.1 of this subchapter, there is hereby imposed for each taxa-
50 ble year beginning after two thousand twenty-four, a tax surcharge on
51 the city taxable income of certain city resident individuals, estates
52 and trusts.

53 (b) The tax surcharge imposed pursuant to this section shall be deter-
54 mined as follows:

55 (1) Resident married individuals filing joint returns and resident
56 surviving spouses. The tax surcharge under this section on the city

taxable income of certain city resident married individuals who make a single return jointly with his or her spouse under subdivision (b) of section 11-1751 of this chapter and on the city taxable income of certain city resident surviving spouses shall be determined in accordance with the following table:

For taxable years beginning after two thousand twenty:

<u>If the city taxable income is:</u>	<u>The tax surcharge is:</u>
<u>Over \$1,000,000</u>	<u>.534% of excess over \$1,000,000</u>

(2) Resident heads of households. The tax surcharge under this section on the city taxable income of certain city resident heads of households shall be determined in accordance with the following table:

For taxable years beginning after two thousand twenty:

<u>If the city taxable income is:</u>	<u>The tax surcharge is:</u>
<u>Over \$750,000</u>	<u>.534% of excess over \$750,000</u>

(3) Resident unmarried individuals, resident married individuals filing separate returns and resident estates and trusts. The tax surcharge under this section on the city taxable income of certain city resident individuals who are not city resident married individuals who make a single return jointly with his or her spouse under subdivision (b) of section 11-1751 of this chapter or city resident heads of households or city resident surviving spouses, and on the city taxable income of certain city resident estates and trusts shall be determined in accordance with the following table:

For taxable years beginning after two thousand twenty:

<u>If the city taxable income is:</u>	<u>The tax surcharge is:</u>
<u>Over \$500,000</u>	<u>.534% of excess over \$500,000</u>

(c) The tax surcharge imposed pursuant to this section shall be administered and collected in the same manner as the taxes imposed pursuant to sections 11-1701, 11-1703, 11-1704 and 11-1704.1, and shall be distributed in accordance with subsection (d) of section 1304-E of the tax law, and all of the provisions of this chapter, including section 11-1706 of this subchapter, and sections 11-1721 and 11-1773 of this chapter, shall apply to the tax surcharge imposed pursuant to this section.

§ 7. Paragraphs 1 and 2 of subdivision (c) of section 11-1706 of the administrative code of the city of New York, as added by chapter 481 of the laws of 1997, subparagraph (A) of paragraph 2 as amended by local law number 35 of the city of New York for the year 2007, are amended to read as follows:

(1) A city resident individual, estate or trust whose city adjusted gross income includes income, gain, loss or deductions from one or more unincorporated businesses conducted by such city resident individual, estate or trust that are subject to the tax imposed by chapter five of this title, or a distributive share of income, gain, loss and deductions of, or guaranteed payments from, one or more partnerships that are subject to the tax imposed by such chapter, shall be allowed a credit as provided in paragraph two of this subdivision against the tax otherwise due under sections 11-1701, 11-1703, 11-1704 ~~and~~, 11-1704.1 ~~and~~ 11-1704.2 of this ~~chapter~~ subchapter.

(2) (A) Subject to the limitation set forth in subparagraph (B) of this paragraph, the credit allowed to a taxpayer for a taxable year under this subdivision shall be determined as follows:

(i) For taxable years beginning on or after January first, nineteen hundred ninety-seven and before January first, two thousand seven:

1 (I) If the city taxable income is forty-two thousand dollars or less,
2 the credit shall be sixty-five percent of the amount determined in para-
3 graph three of this subdivision.

4 (II) If the city taxable income is greater than forty-two thousand
5 dollars but not greater than one hundred forty-two thousand dollars, the
6 amount of the credit shall be a percentage of the amount determined in
7 paragraph three of this subdivision, such percentage to be determined by
8 subtracting from sixty-five percent, one-tenth of a percentage point
9 (.001) for every increment of two hundred dollars, or fractional part
10 thereof, of city taxable income in excess of forty-two thousand dollars.

11 (III) If the city taxable income is greater than one hundred forty-two
12 thousand dollars, the credit shall be fifteen percent of the amount
13 determined in paragraph three of this subdivision.

14 (ii) For taxable years beginning on or after January first, two thou-
15 sand seven:

16 (I) If the city taxable income is forty-two thousand dollars or less,
17 the credit shall be one hundred percent of the amount determined in
18 paragraph three of this subdivision.

19 (II) If the city taxable income is greater than forty-two thousand
20 dollars but less than one hundred forty-two thousand dollars, the amount
21 of the credit shall be a percentage of the amount determined in para-
22 graph three of this subdivision, such percentage to be determined by
23 subtracting from one hundred percent, a percentage determined by
24 subtracting forty-two thousand dollars from city taxable income, divid-
25 ing the result by one hundred thousand dollars and multiplying by seven-
26 ty-seven percent.

27 (III) If the city taxable income is one hundred forty-two thousand
28 dollars or greater, the credit shall be twenty-three percent of the
29 amount determined in paragraph three of this subdivision.

30 (B) Notwithstanding anything to the contrary in subparagraph (A) of
31 this paragraph, the credit allowed to a taxpayer for a taxable year
32 under this subdivision shall not exceed the sum of the taxes that would
33 otherwise be imposed by sections 11-1701, 11-1703, 11-1704 [~~and~~],
34 11-1704.1 and 11-1704.2 of this [~~chapter~~] subchapter on such taxpayer
35 for such taxable year after the allowance of any other credits allowed
36 by this section or section 11-1721 of this chapter.

37 § 8. This act shall take effect immediately and shall be deemed to
38 have been in full force and effect on and after January 1, 2024.