

# STATE OF NEW YORK

2782

2023-2024 Regular Sessions

## IN SENATE

January 24, 2023

Introduced by Sens. BRISPORT, BRESLIN, BROUK, COMRIE, COONEY, GIANARIS, HOYLMAN-SIGAL, JACKSON, LIU, MAY, MYRIE, PARKER, RAMOS, RIVERA, SALAZAR, SANDERS, SEPULVEDA, SERRANO, SKOUFIS -- 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 establishing separate taxes on inheritance income and on gift income, amending the estate tax, and establishing a gift tax

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

1 Section 1. The tax law is amended by adding two new sections 604 and  
2 604-a to read as follows:

3 § 604. Separate tax on inheritance income. (a) Definitions. For the  
4 purposes of this section, the following terms shall have the following  
5 meanings:

6 (1) Except as otherwise provided in subsection (c) of this section,  
7 "inheritance income" means any income excluded for federal tax purposes  
8 from federal adjusted gross income pursuant to subsection (a) of section  
9 one hundred two of the internal revenue code that is received from any  
10 estate, regardless of the residence of the decedent of such estate,  
11 after the federal estate tax has been paid on such income.

12 (2) "Family member" means "member of the family" as such term is  
13 defined in paragraph (2) of subsection (e) of section two thousand thir-  
14 ty-two-A of the internal revenue code.

15 (b) Imposition of separate tax. (1) In addition to any other tax  
16 imposed by this article, there is hereby imposed for each taxable year a  
17 separate tax on the total amount of inheritance income received from any  
18 estate of a decedent during such taxable year by any individual who was  
19 a New York state resident on the date of death of such decedent.

20 (2) The tax imposed by this subsection shall be computed as provided  
21 in section six hundred twenty-four-a of this article with respect to

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

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1 residents and section six hundred thirty-seven-a of this article with  
2 respect to nonresidents and part-year residents.

3 (c) Exclusions from inheritance income. (1) Educational or medical  
4 expenses. A qualified transfer, as such term is defined in paragraph (2)  
5 of subsection (e) of section two thousand five hundred three of the  
6 internal revenue code, shall not be considered inheritance income for  
7 purposes of this section.

8 (2) Spousal transfers. Transfers of property from a spouse shall not  
9 be considered inheritance income for purposes of this section.

10 (3) Retirement accounts. Transfers of property consisting of pensions,  
11 health savings accounts, or retirement accounts established pursuant to  
12 sections four hundred one, four hundred three, four hundred eight, four  
13 hundred eight-A, or four hundred fifty-seven of the internal revenue  
14 code shall not be considered inheritance income for purposes of this  
15 section.

16 (4) Certain residences. An individual subject to the tax imposed by  
17 this section may claim not more than one of the following exclusions  
18 from inheritance income, and may not claim either such exclusion for  
19 more than one transfer of real property:

20 (A) Primary residences. For real property transferred to a resident,  
21 nonresident or part-year resident individual that (i) serves as the  
22 primary residence of the transferor of such property or of the resident,  
23 nonresident, or part-year resident transferee for the ten consecutive  
24 years preceding such transfer or (ii) serves as the primary residence of  
25 such transferee for the five consecutive years following such transfer,  
26 up to one million seven hundred fifty thousand dollars of the value of  
27 such property shall not be considered inheritance income for purposes of  
28 this section.

29 (B) Residential homes purchased with a federal housing administration  
30 insured mortgage. For a residential home transferred to a resident,  
31 nonresident or part-year resident individual that was purchased with a  
32 federal housing administration insured mortgage, up to seven hundred  
33 fifty thousand dollars of the value of such home shall not be considered  
34 inheritance income for purposes of this section.

35 (5) Family farms. A transfer to a resident, nonresident or part-year  
36 resident individual from the estate of a decedent who is a family member  
37 of such individual of farmland and farm equipment shall not be consid-  
38 ered inheritance income for purposes of this section provided that the  
39 total value of inheritance income (including the value of such farmland  
40 and farm equipment) received by such individual from such estate does  
41 not exceed five million dollars, and provided further that the value of  
42 such farmland and equipment constitutes over fifty percent of the total  
43 value of such inheritance income received from such estate.

44 (d) Deferrals. (1) Primary residence liquidity deferral. A resident,  
45 nonresident or part-year resident individual who in a taxable year  
46 receives from a single estate inheritance income totaling less than five  
47 million dollars, over fifty percent of the total value of which consists  
48 of real property that will serve as the primary residence of such indi-  
49 vidual, may elect to defer payment of the tax imposed by this section  
50 until the time at which such individual sells such real property or  
51 ceases using such property as a primary residence.

52 (2) Family-owned business liquidity deferral. (A) A resident, nonresi-  
53 dent or part-year resident individual who in a taxable year receives  
54 from the estate of a decedent who is a family member of such individual  
55 inheritance income totaling less than five million dollars, over fifty  
56 percent of the total value of which consists of equity interests in a

1 family-owned business, may elect to defer payment of the tax imposed by  
2 this section until the time at which such individual sells such busi-  
3 ness, provided that during the time of deferral interest will accrue on  
4 the amount of such tax at a rate equal to the federal short-term rate as  
5 provided under paragraph three of subsection (j) of section six hundred  
6 ninety-seven of this article.

7 (B) For the purposes of this paragraph, "family-owned business" means  
8 a business for which, at the time ownership of such business is trans-  
9 ferred to a resident, nonresident or part-year resident individual, the  
10 transferor of such business or family members of such transferor collec-  
11 tively have retained majority ownership and have materially participated  
12 in the operation of such business for the ten consecutive years proceed-  
13 ing such transfer.

14 § 604-a. Separate tax on gift income. (a) Definitions. For the  
15 purposes of this section, the following terms shall have the following  
16 meanings:

17 (1) "Gift income" means the value of any taxable gifts, as such term  
18 is defined in section one thousand of this chapter, received by an indi-  
19 vidual who is a New York state resident at the time of receiving such  
20 gifts.

21 (2) "Family member" means "member of the family" as such term is  
22 defined in paragraph (2) of subsection (e) of section two thousand thir-  
23 ty-two-A of the internal revenue code.

24 (b) Imposition of separate tax. (1) In addition to any other tax  
25 imposed by this article, there is hereby imposed for each taxable year a  
26 separate tax on gift income received during such taxable year by any  
27 resident or part-year resident individual.

28 (2) The tax imposed by this section shall be computed as provided in  
29 section six hundred twenty-four-b of this article with respect to resi-  
30 dents and section six hundred thirty-seven-b of this article with  
31 respect to part-year residents.

32 (c) Exclusions from gift income. (1) Educational or medical expenses.  
33 A qualified transfer, as such term is defined in paragraph (2) of  
34 subsection (e) of section two thousand three of the internal revenue  
35 code, shall not be considered gift income for purposes of this section.

36 (2) Spousal transfers. Transfers of property from a spouse shall not  
37 be considered gift income for purposes of this section.

38 (3) Retirement accounts. Transfers of property consisting of pensions,  
39 health savings accounts, or retirement accounts established pursuant to  
40 sections four hundred one, four hundred three, four hundred eight, four  
41 hundred eight-A, or four hundred fifty-seven of the internal revenue  
42 code shall not be considered gift income for purposes of this section.

43 (4) Family farms. A transfer to a resident or part-year resident indi-  
44 vidual from a donor who is a family member of such individual of farm-  
45 land and farm equipment shall not be considered gift income for purposes  
46 of this section provided that the total value of gift income (including  
47 the value of such farmland and farm equipment) received by such individ-  
48 ual from such donor does not exceed one million dollars.

49 (d) Family-owned business liquidity deferral. (1) A resident or part-  
50 year resident individual who in a taxable year receives from a donor who  
51 is a family member of such individual gift income totaling less than  
52 five million dollars, over fifty percent of the total value of which  
53 consists of equity interests in a family-owned business, may elect to  
54 defer payment of the tax imposed by this section until the time at which  
55 such individual sells such equity interests, provided that during the  
56 time of deferral interest will accrue on the amount of such tax at a

1 rate equal to the federal short-term rate as provided under paragraph  
2 three of subsection (j) of section six hundred ninety-seven of this  
3 article.

4 (2) For the purposes of this subsection, "family-owned business" means  
5 a business for which, at the time ownership of such business is trans-  
6 ferred to a resident or part-year resident individual, the transferor of  
7 such business or family members of such transferor collectively have  
8 retained majority ownership and have materially participated in the  
9 operation of such business for the ten consecutive years proceeding such  
10 transfer.

11 § 2. The tax law is amended by adding a new section 620-b to read as  
12 follows:

13 § 620-b. Credit against separate tax on inheritance income. A resident  
14 shall be allowed a credit against the tax imposed by section six hundred  
15 four of this article in the amount of the estate tax imposed by article  
16 twenty-six of this chapter or any estate or inheritance tax imposed by  
17 another state of the United States, a political subdivision of such  
18 state, or the District of Columbia, upon any inheritance income, as such  
19 term is defined in such section, received by such resident in a taxable  
20 year. Such resident may elect to calculate the amount of such credit in  
21 accordance with either subsection (a) or subsection (b) of this section.

22 (a) The amount of credit allowed pursuant to this section may be  
23 calculated by multiplying the total amount of estate or inheritance tax  
24 imposed by this state, another state of the United States, a political  
25 subdivision of such state, or the District of Columbia on the estate  
26 from which such resident has received inheritance income by a fraction,  
27 the numerator of which is the amount of inheritance income received by  
28 such resident from such estate and the denominator of which is the total  
29 value of such estate after the federal estate tax has been paid but  
30 before the estate tax of this state, or any estate or inheritance tax  
31 imposed by another state of the United States, a political subdivision  
32 of such state, or the District of Columbia, has been paid. In order to  
33 calculate such credit in accordance with this subsection, such resident  
34 must know the total amount of estate or inheritance tax imposed on such  
35 estate by this state, another state of the United States, a political  
36 subdivision of such state, or the District of Columbia and the total  
37 value of such estate after the federal estate tax has been paid but  
38 before the estate or inheritance tax of this state, another state of the  
39 United States, a political subdivision of such state, or the District of  
40 Columbia, has been paid.

41 (b) The amount of credit allowed pursuant to this section may be  
42 calculated as equal to the amount of estate tax or inheritance tax of  
43 this state, another state of the United States, a political subdivision  
44 of such state, or the District of Columbia, that would be imposed on the  
45 estate from which such resident receives inheritance income as if such  
46 inheritance income were equal to the total value of such estate.

47 § 3. The tax law is amended by adding two new sections 624-a and 624-b  
48 to read as follows:

49 § 624-a. Computation of separate tax on inheritance income received by  
50 a resident individual. The amount of tax imposed under section six  
51 hundred four of this article for any taxable year, with respect to  
52 inheritance income received by a resident individual, shall be deter-  
53 mined in accordance with the following table:

54 <u>For taxable years beginning after two thousand twenty-two:</u>	
55 <u>If the inheritance income is:</u>	<u>The tax is:</u>
56 <u>Not over \$250,000</u>	<u>0% of inheritance income</u>

1	<u>Over \$250,000 but not over \$500,000</u>	<u>\$0 plus 5% of excess over \$250,000</u>
2	<u>Over \$500,000 but not over</u>	<u>\$12,500 plus 15% of excess over</u>
3	<u>\$1,000,000</u>	<u>\$500,000</u>
4	<u>Over \$1,000,000 but not over</u>	<u>\$87,500 plus 30% of excess over</u>
5	<u>\$2,000,000</u>	<u>\$1,000,000</u>
6	<u>Over \$2,000,000 but not over</u>	<u>\$387,000 plus 40% of excess over</u>
7	<u>\$10,000,000</u>	<u>\$2,000,000</u>
8	<u>Over \$10,000,000</u>	<u>\$3,587,500 plus 50% of excess over</u>
9		<u>\$10,000,000</u>

10 § 624-b. Computation of separate tax on gift income received by a  
 11 resident individual. The amount of tax imposed under section six hundred  
 12 four-a of this part for any taxable year, with respect to gift income  
 13 received by a resident individual, shall be determined in accordance  
 14 with the following table:

15	<u>If the gift income is:</u>	<u>The tax is:</u>
16	<u>Not over \$50,000</u>	<u>0% of gift income</u>
17	<u>Over \$50,000 but not over \$100,000</u>	<u>\$0 plus 5% of excess over \$50,000</u>
18	<u>Over \$100,000 but not over</u>	<u>\$2,500 plus 15% of excess over</u>
19	<u>\$200,000</u>	<u>\$100,000</u>
20	<u>Over \$200,000 but not over</u>	<u>\$17,500 plus 30% of excess over</u>
21	<u>\$400,000</u>	<u>\$200,000</u>
22	<u>Over \$400,000 but not over</u>	<u>\$77,500 plus 40% of excess over</u>
23	<u>\$2,000,000</u>	<u>\$400,000</u>
24	<u>Over \$2,000,000</u>	<u>\$717,500 plus 50% of excess over</u>
25		<u>\$2,000,000</u>

26 § 4. The tax law is amended by adding three new sections 637-a, 637-b  
 27 and 640 to read as follows:

28 § 637-a. Computation of separate tax on inheritance income received by  
 29 nonresident or part-year resident individuals. The amount of tax imposed  
 30 under section six hundred four of this article for any taxable year,  
 31 with respect to inheritance income received by a nonresident or part-  
 32 year resident individual, shall be determined in accordance with the  
 33 following table:

34 (a) For taxable years beginning after two thousand twenty-two:

35	<u>If the inheritance income is:</u>	<u>The tax is:</u>
36	<u>Not over \$250,000</u>	<u>0% of inheritance income</u>
37	<u>Over \$250,000 but not over \$500,000</u>	<u>\$0 plus 5% of excess over \$250,000</u>
38	<u>Over \$500,000 but not over</u>	<u>\$12,500 plus 15% of excess over</u>
39	<u>\$1,000,000</u>	<u>\$500,000</u>
40	<u>Over \$1,000,000 but not over</u>	<u>\$87,500 plus 30% of excess over</u>
41	<u>\$2,000,000</u>	<u>\$1,000,000</u>
42	<u>Over \$2,000,000 but not over</u>	<u>\$387,000 plus 40% of excess</u>
43	<u>\$10,000,000</u>	<u>over \$2,000,000</u>
44	<u>Over \$10,000,000</u>	<u>\$3,587,500 plus 50% of excess over</u>
45		<u>\$10,000,000</u>

46 § 637-b. Computation of separate tax on gift income received by part-  
 47 year resident individuals. The amount of tax imposed under section six  
 48 hundred four-a of this article for any taxable year, with respect to  
 49 gift income received by a part-year resident individual, shall be deter-  
 50 mined in accordance with the following table:

51	<u>If the gift income is:</u>	<u>The tax is:</u>
52	<u>Not over \$50,000</u>	<u>0% of gift income</u>
53	<u>Over \$50,000 but not over \$100,000</u>	<u>\$0 plus 5% of excess over \$50,000</u>
54	<u>Over \$100,000 but not over \$200,000</u>	<u>\$2,500 plus 15% of excess over</u>
55		<u>\$100,000</u>
56	<u>Over \$200,000 but not over</u>	<u>\$17,500 plus 30% of excess over</u>



1	<u>\$400,000</u>	<u>\$200,000</u>
2	<u>Over \$400,000 but not over</u>	<u>\$77,500 plus 40% of excess over</u>
3	<u>\$2,000,000</u>	<u>\$400,000</u>
4	<u>Over \$2,000,000</u>	<u>\$717,500 plus 50% of excess over</u>
5		<u>\$2,000,000</u>

6 § 640. Credits against separate tax on inheritance income. A nonresi-  
7 dent or part-year resident individual shall be allowed a credit against  
8 the tax imposed by section six hundred four of this article in the  
9 amount of the estate tax imposed by article twenty-six of this chapter,  
10 or of any estate or inheritance tax imposed by another state of the  
11 United States, a political subdivision of such state, or the District of  
12 Columbia, upon any inheritance income, as such term is defined in such  
13 section, received by such individual in a taxable year. Such individual  
14 may elect to calculate the amount of such credit in accordance with  
15 either subsection (a) or subsection (b) of this section.

16 (a) The amount of credit allowed pursuant to this section may be  
17 calculated by multiplying the total amount of estate or inheritance tax  
18 imposed by this state, another state of the United States, a political  
19 subdivision of such state, or the District of Columbia on the estate  
20 from which such individual has received inheritance income by a frac-  
21 tion, the numerator of which is the amount of inheritance income  
22 received by such individual from such estate and the denominator of  
23 which is the total value of such estate after the federal estate tax has  
24 been paid but before the estate tax of this state, or any estate or  
25 inheritance tax imposed by another state of the United States, a poli-  
26 tical subdivision of such state, or the District of Columbia, has been  
27 paid. In order to calculate such credit in accordance with this  
28 subsection, such individual must know the total amount of estate or  
29 inheritance tax imposed on such estate by this state, another state of  
30 the United States, a political subdivision of such state, or the  
31 District of Columbia and the total value of such estate after the feder-  
32 al estate tax has been paid but before the estate or inheritance tax of  
33 this state, another state of the United States, a political subdivision  
34 of such state, or the District of Columbia, has been paid.

35 (b) The amount of credit allowed pursuant to this section may be  
36 calculated as equal to the amount of estate tax or inheritance tax of  
37 this state, another state of the United States, a political subdivision  
38 of such state, or the District of Columbia that would be imposed on the  
39 estate from which such individual receives inheritance income as if such  
40 inheritance income were equal to the total value of such estate.

41 § 5. Section 951-a of the tax law is amended by adding a new  
42 subsection (g) to read as follows:

43 (g) The term "New York taxable gifts" has the same meaning as provided  
44 in section one thousand of this chapter.

45 § 6. Section 952 of the tax law, as amended by section 2 of part X of  
46 chapter 59 of the laws of 2014, subsection (b) as amended by section 1  
47 of part BB of chapter 59 of the laws of 2015, is amended to read as  
48 follows:

49 § 952. Tax imposed. (a) A tax is hereby imposed on the transfer of the  
50 New York estate by every deceased individual who at his or her death was  
51 a resident of New York state.

52 (b) Computation of tax. The tax imposed by this section shall be  
53 computed on the deceased resident's New York taxable estate as follows:

54 (1) In the case of decedents dying before April 1, 2023:

1	If the New York taxable estate is:	The tax is:
2	Not over \$500,000	3.06% of taxable estate
3	Over \$500,000 but not over \$1,000,000	\$15,300 plus 5.0% of excess over
4		\$500,000
5	Over \$1,000,000 but not over \$1,500,000	\$40,300 plus 5.5% of excess over
6		\$1,000,000
7	Over \$1,500,000 but not over \$2,100,000	\$67,800 plus 6.5% of excess over
8		\$1,500,000
9	Over \$2,100,000 but not over \$2,600,000	\$106,800 plus 8.0% of excess
10		over \$2,100,000
11	Over \$2,600,000 but not over \$3,100,000	\$146,800 plus 8.8% of excess over
12		\$2,600,000
13	Over \$3,100,000 but not over \$3,600,000	\$190,800 plus 9.6% of excess over
14		\$3,100,000
15	Over \$3,600,000 but not over \$4,100,000	\$238,800 plus 10.4% of excess
16		over \$3,600,000
17	Over \$4,100,000 but not over \$5,100,000	\$290,800 plus 11.2% of excess
18		over \$4,100,000
19	Over \$5,100,000 but not over \$6,100,000	\$402,800 plus 12.0% of excess
20		over \$5,100,000
21	Over \$6,100,000 but not over \$7,100,000	\$522,800 plus 12.8% of excess
22		over \$6,100,000
23	Over \$7,100,000 but not over \$8,100,000	\$650,800 plus 13.6% of excess
24		over \$7,100,000
25	Over \$8,100,000 but not over \$9,100,000	\$786,800 plus 14.4% of excess
26		over \$8,100,000
27	Over \$9,100,000 but not over	\$930,800 plus 15.2% of excess over
28	\$10,100,000	\$9,100,000
29	Over \$10,100,000	\$1,082,800 plus 16.0% of excess
30		over \$10,100,000

(2) In the case of decedents dying on or after April 1, 2023:

32	<u>If the New York taxable estate plus</u>	<u>The tax is:</u>
33	<u>the lifetime amount of New York</u>	
34	<u>taxable gifts is:</u>	
35	<u>Not over \$750,000</u>	<u>0% of taxable estate</u>
36	<u>Over \$750,000 but not over</u>	<u>\$0 plus 5% of excess over \$750,000</u>
37	<u>\$1,500,000</u>	
38	<u>Over \$1,500,000 but not over</u>	<u>\$37,500 plus 15% of excess over</u>
39	<u>\$3,000,000</u>	<u>\$1,500,000</u>
40	<u>Over \$3,000,000 but not over</u>	<u>\$262,500 plus 30% of excess over</u>
41	<u>\$6,000,000</u>	<u>\$3,000,000</u>
42	<u>Over \$6,000,000 but not over</u>	<u>\$1,162,500 plus 40% of excess</u>
43	<u>\$30,000,000</u>	<u>over \$6,000,000</u>
44	<u>Over \$30,000,000</u>	<u>\$10,762,500 plus 50% of excess over</u>
45		<u>\$30,000,000</u>

46 (c) Applicable credit amount. (1) [A] In the case of any decedent  
 47 dying before April first, two thousand twenty-three, a credit of the  
 48 applicable credit amount shall be allowed against the tax imposed by  
 49 this section as provided in this subsection. In the case of such a dece-  
 50 dent whose New York taxable estate is less than or equal to the basic  
 51 exclusion amount, the applicable credit amount shall be the amount of  
 52 tax that would be due under subsection (b) of this section on such  
 53 decedent's New York taxable estate. In the case of such a decedent whose  
 54 New York taxable estate exceeds the basic exclusion amount by an amount  
 55 that is less than or equal to five percent of such amount, the applica-  
 56 ble credit amount shall be the amount of tax that would be due under

1 subsection (b) of this section if the amount on which the tax is to be  
2 computed were equal to the basic exclusion amount multiplied by one  
3 minus a fraction, the numerator of which is the decedent's New York  
4 taxable estate minus the basic exclusion amount, and the denominator of  
5 which is five percent of the basic exclusion amount. Provided, however,  
6 that the credit allowed by this subsection shall not exceed the tax  
7 imposed by this section, and no credit shall be allowed to the estate of  
8 any decedent whose New York taxable estate exceeds one hundred five  
9 percent of the basic exclusion amount.

10 (2) (A) For purposes of this section, the basic exclusion amount shall  
11 be as follows:

12 In the case of decedents dying on or after: The basic exclusion amount  
13 is:

14 April 1, 2014 and before April 1, 2015	\$ 2,062,500
15 April 1, 2015 and before April 1, 2016	3,125,000
16 April 1, 2016 and before April 1, 2017	4,187,500
17 April 1, 2017 and before January 1, 2019	5,250,000

18 (B) In the case of any decedent dying [~~in a calendar year beginning~~]  
19 on or after January first, two thousand nineteen and before April first,  
20 two thousand twenty-three, the basic exclusion amount shall be equal to:

21 (i) five million dollars, multiplied by

22 (ii) one plus the cost-of-living adjustment, which shall be the  
23 percentage by which the consumer price index for the preceding calendar  
24 year exceeds the consumer price index for calendar year two thousand  
25 ten.

26 (C) (i) For purposes of this paragraph, "consumer price index" means  
27 the most recent consumer price index for all-urban consumers published  
28 by the United States department of labor.

29 (ii) For purposes of clause (ii) of subparagraph (B) of this para-  
30 graph, the consumer price index for any calendar year shall be the aver-  
31 age of the consumer price index as of the close of the twelve-month  
32 period ending on August thirty-first of such calendar year.

33 (iii) If any amount adjusted under this paragraph is not a multiple of  
34 ten thousand dollars, such amount shall be rounded to the nearest multi-  
35 ple of ten thousand dollars.

36 (d) Credit for lifetime gift taxes paid. In the case of a decedent  
37 dying on or after April first, two thousand twenty-three, a credit shall  
38 be allowed against the tax imposed by this section equal to the total  
39 amount of gift tax imposed by section one thousand one of this chapter  
40 paid by such decedent during the lifetime of such decedent.

41 § 7. Subsection (a) of section 954 of the tax law is amended by adding  
42 six new paragraphs 5, 6, 7, 8, 9 and 10 to read as follows:

43 (5) Reduced by the amount of any qualified transfer, as such term is  
44 defined in paragraph (2) of subsection (e) of section two thousand five  
45 hundred three of the internal revenue code, to the extent the amount of  
46 such transfer is included in the decedent's federal gross estate.

47 (6) Reduced by the value of any transfers of property consisting of  
48 pensions, health savings accounts, or retirement accounts established  
49 pursuant to sections four hundred one, four hundred three, four hundred  
50 eight, four hundred eight-A, or four hundred fifty-seven of the internal  
51 revenue code to the extent the amount of any such transfer is included  
52 in the decedent's federal gross estate.

53 (7) Reduced by one of the following, but not both, with respect to not  
54 more than one transfer of real property:

55 (A) Up to one million seven hundred fifty thousand dollars of the  
56 value of real property transferred to an individual that (i) served as



1 the primary residence of the decedent or of such individual for the ten  
2 consecutive years preceding such transfer or (ii) serves as the primary  
3 residence of such individual for the five consecutive years following  
4 such transfer to the extent the value of such real property is included  
5 in the decedent's federal gross estate; or

6 (B) Up to seven hundred fifty thousand dollars of the value of a resi-  
7 dential home that was purchased with a federal housing administration  
8 insured mortgage to the extent the value of such residential home is  
9 included in the decedent's federal gross estate.

10 (8) Reduced by the value of farmland and farm equipment transferred to  
11 an individual from the estate of a family member of such individual to  
12 the extent the value of such farmland and equipment is included in the  
13 decedent's federal gross estate, provided that the total value of all  
14 transfers from such estate to such individual is less than five million  
15 dollars, and provided further that the value of such farmland and equip-  
16 ment constitutes over fifty percent of the total value of such trans-  
17 fers. For the purposes of this paragraph, "family member" has the same  
18 meaning as provided in section six hundred four of this chapter.

19 (9) Reduced by the value of real property transferred by the estate of  
20 the decedent to an individual who was a resident of this state on the  
21 date of death of such decedent that will serve as the primary residence  
22 of such individual, provided that the total value of all transfers from  
23 such estate to such individual is less than five million dollars and  
24 provided that the value of such real property constitutes over fifty  
25 percent of the total value of such transfers; and provided further that  
26 such estate and such individual agree in writing at the time of transfer  
27 that such individual will be liable for any inheritance tax imposed by  
28 section six hundred four of this chapter on the transfer of such proper-  
29 ty that may be deferred and paid upon disposition of such property as  
30 provided in paragraph one of subsection (d) of such section.

31 (10) Reduced by the value of a family-owned business transferred by  
32 the estate of the decedent to an individual who was a resident of this  
33 state on the date of death of such decedent, provided that the total  
34 value of all transfers from such estate to such individual is less than  
35 five million dollars and provided that the value of such family-owned  
36 business constitutes over fifty percent of the total value of such  
37 transfers; and provided further that such estate and such individual  
38 agree in writing at the time of transfer that such individual will be  
39 liable for any inheritance tax imposed by section six hundred four of  
40 this chapter on the transfer of such family-owned business that may be  
41 deferred and paid upon disposition of such business as provided in para-  
42 graph two of subsection (d) of such section. For the purposes of this  
43 paragraph, the term "family-owned business" has the same meaning as  
44 provided in subparagraph (B) of paragraph two of subsection (d) of  
45 section six hundred four of this chapter.

46 § 8. Subsection (a) of section 955 of the tax law, as added by section  
47 4 of part X of chapter 59 of the laws of 2014, is amended to read as  
48 follows:

49 (a) General.--The taxable estate of a New York resident shall be his  
50 or her New York gross estate, minus the deductions allowable for deter-  
51 mining his or her federal taxable estate under the internal revenue code  
52 (whether or not a federal estate tax return is required to be filed),  
53 except to the extent that such deductions relate to real or tangible  
54 personal property situated outside New York state, reduced by the amount  
55 of federal estate tax imposed on the estate of such resident, provided  
56 that with respect to the estate of a decedent who on the date of such

decedent's death was a not a resident of New York, the New York gross estate shall be reduced only by an amount equal to the total amount of federal estate tax imposed on such estate multiplied by a fraction the numerator of which is the value of property contained in such estate that is subject to the tax imposed by section nine hundred sixty of this part and the denominator of which is the total value of such estate.

§ 9. The tax law is amended by adding a new article 26-A to read as follows:

ARTICLE 26-A  
GIFT TAX

Section 1000. Definitions.

1001. Tax imposed.

1002. Rate of tax.

1003. Administration.

§ 1000. Definitions. (a) "Taxable gifts" means the transfers by gift which are included in taxable gifts for federal gift tax purposes under section 2503 and sections 2511 to 2514, inclusive, and sections 2516 to 2519, inclusive, of the internal revenue code, less the deductions allowed in sections 2522 to 2524, inclusive, of such code.

(b) (1) Except as otherwise provided in paragraph two of this subsection, "New York taxable gifts" means taxable gifts made during a taxable year commencing on or after January first, two thousand twenty-four, that are (i) for residents, taxable gifts, wherever located, except for gifts of real estate or tangible personal property located outside New York and (ii) for nonresidents of this state, gifts of real estate or tangible personal property located within New York.

(2) Gifts made to any person by the donor during the calendar year for which a tax is imposed on such person for the receipt of such gift by this state, another state of the United States, a political subdivision of such state, or the District of Columbia, including the tax imposed by section six hundred four-a of this chapter, shall not for the purposes of paragraph one of this subsection be included in the total amount of New York taxable gifts made during such year.

(c) In the administration of the tax under this article, the commissioner shall apply the provisions of sections 2701 to 2704, inclusive, of the internal revenue code, and the term "secretary or his delegate" as used in such sections means the commissioner.

§ 1001. Tax imposed. For the calendar year commencing on January first, two thousand twenty-four, and for each year thereafter, a tax computed as provided in section one thousand two of this article is hereby imposed on the transfer of property by gift during a taxable year by any resident or nonresident individual.

§ 1002. Rate of tax. With respect to New York taxable gifts, as defined in section one thousand of this article, made by a donor during a calendar year commencing on or after January first, two thousand twenty-four, including the aggregate amount of all New York taxable gifts made by the donor during all calendar years commencing on or after January first, two thousand twenty-four, the tax imposed by section one thousand one of this article for the calendar year shall be at the rate set forth in the following schedule, with a credit allowed against such tax for any tax previously paid to this state pursuant to this section, provided such credit shall not exceed the amount of tax imposed by this section:

If the amount of New York taxable gifts is:  
Not over \$750,000

The tax is:  
0% of taxable gifts

1	<u>Over \$750,000 but not over</u>	<u>\$0 plus 5% of excess over \$750,000</u>
2	<u>\$1,500,000</u>	
3	<u>Over \$1,500,000 but not over</u>	<u>\$37,500 plus 15% of excess over</u>
4	<u>\$3,000,000</u>	<u>\$1,500,000</u>
5	<u>Over \$3,000,000 but not over</u>	<u>\$262,500 plus 30% of excess over</u>
6	<u>\$6,000,000</u>	<u>\$3,000,000</u>
7	<u>Over \$6,000,000 but not over</u>	<u>\$1,162,500 plus 40% of excess</u>
8	<u>\$30,000,000</u>	<u>over \$6,000,000</u>
9	<u>Over \$30,000,000</u>	<u>\$10,762,500 plus 50% of excess over</u>
10		<u>\$30,000,000</u>

11 § 1003. Administration. The commissioner shall promulgate rules and  
12 regulations necessary and appropriate to effectuate the provisions of  
13 this article, including the establishment of deadlines and procedures  
14 for the filing of gift tax returns by any resident or nonresident of  
15 this state who gave New York taxable gifts during a taxable year.

16 § 10. This act shall take effect immediately.