

STATE OF NEW YORK

3856

2025-2026 Regular Sessions

IN SENATE

January 30, 2025

Introduced by Sens. HOYLMAN-SIGAL, JACKSON, RAMOS, RIVERA, SANDERS --
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 the imposition of sales and
compensating use taxes with respect to certain aircraft; and to repeal
paragraph 21-a of subdivision (a) of section 1115 of the tax law,
relating thereto

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

1 Section 1. Paragraph (A) of subdivision (i) of section 1111 of the tax
2 law, as amended by section 1 of part TT of chapter 59 of the laws of
3 2015, is amended to read as follows:
4 (A) Notwithstanding any contrary provisions of this article or other
5 law, with respect to any lease for a term of one year or more of (1) a
6 motor vehicle, as defined in section one hundred twenty-five of the
7 vehicle and traffic law, with a gross vehicle weight of ten thousand
8 pounds or less, [~~or~~] (2) a vessel, as defined in section twenty-two
9 hundred fifty of such law (including any inboard or outboard motor and
10 any trailer, as defined in section one hundred fifty-six of such law,
11 leased in conjunction with such a vessel) or (3) noncommercial aircraft
12 having a seating capacity of less than twenty passengers and a maximum
13 capacity of less than six thousand pounds, or an option to renew such a
14 lease or a similar contractual provision, all receipts due or consider-
15 ation given or contracted to be given for such property under and for
16 the entire period of such lease, option to renew or similar provision,
17 or combination of them, shall be deemed to have been paid or given and
18 shall be subject to tax, and any such tax due shall be collected, as of
19 the date of first payment under such lease, option to renew or similar
20 provision, or combination of them, or as of the date of registration of
21 such property with the commissioner of motor vehicles, whichever is
22 earlier. Notwithstanding any inconsistent provisions of subdivision (b)

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

LBD03136-01-5

1 of this section or of section eleven hundred seventeen of this article
2 or of other law, for purposes of such a lease, option to renew or simi-
3 lar provision originally entered into outside this state, by a lessee
4 (1) who was a resident of this state, and leased such property for use
5 outside the state and who subsequently brings such property into this
6 state for use here or (2) who was a nonresident and subsequently becomes
7 a resident and brings the property into this state for use here, any
8 remaining receipts due or consideration to be given after such lessee
9 brings such property into this state shall be subject to tax as if the
10 lessee had entered into or exercised such lease, option to renew or
11 similar provision, or combination thereof, for the first time in this
12 state and the relevant provisions of sections eleven hundred ten
13 concerning imposition and computation of tax, eleven hundred eighteen
14 concerning exemption from use tax for tax paid to another jurisdiction,
15 eleven hundred thirty-two concerning presumption of taxability and
16 conditions for registration and eleven hundred thirty-nine concerning
17 refunds, of this article, shall be applicable to any sales or compensat-
18 ing use tax paid by the lessee before the lessee brought the property
19 into this state, except to the extent that any such provision is incon-
20 sistent with a provision of this subdivision. For purposes of this
21 subdivision, (1) a lease for a term of one year or more shall include
22 any lease for a shorter term which includes an option to renew or other
23 like provision (or more than one of such option or other provision)
24 where the cumulative period that the lease, with or without such option
25 or provision, may be in effect upon exercise of such option or provision
26 is one year or more and (2) receipts due and consideration given or
27 contracted to be given under any such lease or other provision for
28 excess mileage charges shall be subject to tax as and when paid or due.

29 § 2. Subdivision (q) of section 1111 of the tax law, as amended by
30 section 2 of part TT of chapter 59 of the laws of 2015, is amended to
31 read as follows:

32 (q) (1) The exclusions from the definition of retail sale in subpara-
33 graph (iv) of paragraph four of subdivision (b) of section eleven
34 hundred one of this article shall not apply to transfers, distributions,
35 or contributions of an aircraft or a vessel, except where, in the case
36 of the exclusion in subclause (I) of clause (A) of such subparagraph
37 (iv), the two corporations to be merged or consolidated are not affil-
38 iated persons with respect to each other. For purposes of this subdivi-
39 sion, corporations are affiliated persons with respect to each other
40 where (i) more than five percent of their combined shares are owned by
41 members of the same family, as defined by paragraph four of subsection
42 (c) of section two hundred sixty-seven of the internal revenue code of
43 nineteen hundred eighty-six; (ii) one of the corporations has an owner-
44 ship interest of more than five percent, whether direct or indirect, in
45 the other; or (iii) another person or a group of other persons that are
46 affiliated persons with respect to each other hold an ownership interest
47 of more than five percent, whether direct or indirect, in each of the
48 corporations.

49 (2) Notwithstanding any contrary provision of law, in relation to any
50 transfer, distribution, or contribution of an aircraft or a vessel that
51 qualifies as a retail sale as a result of paragraph one of this subdivi-
52 sion, the sales tax imposed by subdivision (a) of section eleven hundred
53 five of this part shall be computed based on the price at which the
54 seller purchased the tangible personal property, provided that where the
55 seller or purchaser affirmatively shows that the seller owned the prop-
56 erty for six months prior to making the transfer, distribution or

1 contribution covered by paragraph one of this subdivision, such aircraft
2 or vessel shall be taxed on the basis of the current market value of the
3 aircraft or vessel at the time of that transfer, distribution, or
4 contribution. For the purposes of the prior sentence, "current market
5 value" shall not exceed the cost of the aircraft or vessel. See subdivi-
6 sion (b) of this section for a similar rule on the computation of any
7 compensating use tax due under section eleven hundred ten of this part
8 on such transfers, distributions, or contributions.

9 (3) A purchaser of an aircraft or a vessel covered by paragraph one of
10 this subdivision will be entitled to a refund or credit against the
11 sales or compensating use tax due as a result of a transfer, distrib-
12 ution, or contribution of such aircraft or vessel in the amount of any
13 sales or use tax paid to this state or any other state on the seller's
14 purchase or use of the aircraft or vessel so transferred, distributed or
15 contributed, but not to exceed the tax due on the transfer, distrib-
16 ution, or contribution of the aircraft or vessel or on the purchaser's
17 use in the state of the aircraft or vessel so transferred, distributed
18 or contributed. An application for a refund or credit under this subdivi-
19 sion must be filed and shall be in such form as the commissioner may
20 prescribe. Where an application for credit has been filed, the applicant
21 may immediately take such credit on the return which is due coincident
22 with or immediately subsequent to the time the application for credit is
23 filed. However, the taking of the credit on the return shall be deemed
24 to be part of the application for credit. Provided that the commissioner
25 may, in [~~his or her~~] such commissioner's discretion and notwithstanding
26 any other law, waive the application requirement for any or all classes
27 of persons where the amount of the credit or refund is equal to the
28 amount of the tax due from the purchaser. The provisions of subdivisions
29 (a), (b), and (c) of section eleven hundred thirty-nine of this article
30 shall apply to applications for refund or credit under this subdivision.
31 No interest shall be allowed or paid on any refund made or credit
32 allowed under this subdivision. If a refund is granted or a credit
33 allowed under this paragraph, the seller or purchaser shall not be
34 eligible for a refund or credit pursuant to subdivision seven of section
35 eleven hundred eighteen of this article with regard to the same purchase
36 or use.

37 § 3. Paragraph 21-a of subdivision (a) of section 1115 of the tax law
38 is REPEALED.

39 § 4. This act shall take effect June 1, 2025.