STATE OF NEW YORK

6742

2025-2026 Regular Sessions

IN SENATE

March 21, 2025

Introduced by Sen. PALUMBO -- 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 eliminating the sales and compensating use taxes on telephone answering services

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

Section 1. Paragraph 1 of subdivision (b) of section 1105 of the tax law, as amended by section 9 of part S of chapter 85 of the laws of 2002, subparagraph (A) as amended by section 1 of part H of chapter 59 of the laws of 2019, is amended to read as follows:

(1) The receipts from every sale, other than sales for resale, of the following: (A) gas, electricity, refrigeration and steam, and gas, electric, refrigeration and steam service of whatever nature, including the transportation, transmission or distribution of gas or electricity, even if sold separately; (B) telephony and telegraphy and telephone and telegraph service of whatever nature except interstate and international telephony and telegraphy and telephone and telegraph service and except any telecommunications service the receipts from the sale of which are subject to tax under paragraph two of this subdivision; [~~(C) a telephone answering service;~~] and (D) a prepaid telephone calling service.

§ 2. Subdivision (a) of section 1110 of the tax law, as amended by section 28 of part Y of chapter 63 of the laws of 2000, is amended to read as follows:

(a) Except to the extent that property or services have already been or will be subject to the sales tax under this article, there is hereby imposed on every person a use tax for the use within this state on and after June first, nineteen hundred seventy-one except as otherwise exempted under this article, (A) of any tangible personal property purchased at retail, (B) of any tangible personal property (other than computer software used by the author or other creator) manufactured, processed or assembled by the user, (i) if items of the same kind of

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

LBD11190-01-5

tangible personal property are offered for sale by him in the regular course of business or (ii) if items are used as such or incorporated into a structure, building or real property by a contractor, subcontractor or repairman in erecting structures or buildings, or building on, or otherwise adding to, altering, improving, maintaining, servicing or repairing real property, property or land, as the terms real property, property or land are defined in the real property tax law, if items of the same kind are not offered for sale as such by such contractor, subcontractor or repairman or other user in the regular course of business, (C) of any of the services described in paragraphs (1), (7) and (8) of subdivision (c) of section eleven hundred five of this part, (D) of any tangible personal property, however acquired, where not acquired for purposes of resale, upon which any of the services described in paragraphs (2), (3) and (7) of subdivision (c) of section eleven hundred five of this part have been performed, [~~(E) of any telephone answering service described in subdivision (b) of section eleven hundred five of this part,~~] (F) of any computer software written or otherwise created by the user if the user offers software of a similar kind for sale as such or as a component part of other property in the regular course of business, (G) of any prepaid telephone calling service, and (H) of any gas or electricity described in subdivision (b) of section eleven hundred five of this part.

§ 3. Subdivision 4 of section 1131 of the tax law, as amended by section 34 of part Y of chapter 63 of the laws of 2000, is amended to read as follows:

(4) "Property and services the use of which is subject to tax" shall include: (a) all property sold to a person within the state, whether or not the sale is made within the state, the use of which property is subject to tax under section eleven hundred ten of this article or will become subject to tax when such property is received by or comes into the possession or control of such person within the state; (b) all information services, protective and detective services and interior decorating and design services as such services are described in subdivision (c) of section eleven hundred five of this article, rendered to a person within the state, whether or not such services are rendered from or at a location within the state; (c) all services rendered to a person within the state, whether or not such services are performed within the state, upon tangible personal property the use of which is subject to tax under section eleven hundred ten of this article or will become subject to tax when such property is received by or comes into possession or control of such person within the state; (d) all property sold by a person making sales described in clause (F) of subparagraph (i) of paragraph eight of subdivision (b) of section eleven hundred one of this article to a person described in such clause (F) who purchases such property at retail, whether or not the sale is made within the state; [~~(e) all telephone answering service rendered to a person within the state, whether or not such services are performed within the state, the use of which is subject to tax under section eleven hundred ten of this article or will become subject to tax when such service is received by or comes into possession or control of such person within the state;~~] (f) all prepaid telephone calling services sold to a person within the state, whether or not the sale is made within the state, the use of which services are subject to tax under section eleven hundred ten of this article or will become subject to tax when such services are received by or come into the possession or control of such person within the state, and whether or not such services are rendered from or at a

location within the state; and (g) all gas or electricity sold to a person within the state, whether or not the sale is made within the state, the use of which is subject to tax under section eleven hundred ten of this article or will become subject to tax when it is received by or comes into the possession or control of such person within the state, and whether or not it is rendered from or at a location within the state.

§ 4. This act shall take effect on the first day of the sales tax quarterly period, as described in subdivision (b) of section 1136 of the tax law, next commencing at least 90 days after this act shall have become a law and shall apply in accordance with the applicable transitional provisions of sections 1106 and 1217 of the tax law.