

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:

1 Section 1. Paragraph 1 of subdivision (b) of section 1105 of the tax
2 law, as amended by section 9 of part S of chapter 85 of the laws of
3 2002, subparagraph (A) as amended by section 1 of part H of chapter 59
4 of the laws of 2019, is amended to read as follows:

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

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

18 (a) Except to the extent that property or services have already been
19 or will be subject to the sales tax under this article, there is hereby
20 imposed on every person a use tax for the use within this state on and
21 after June first, nineteen hundred seventy-one except as otherwise
22 exempted under this article, (A) of any tangible personal property
23 purchased at retail, (B) of any tangible personal property (other than
24 computer software used by the author or other creator) manufactured,
25 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.

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

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

26 (4) "Property and services the use of which is subject to tax" shall
27 include: (a) all property sold to a person within the state, whether or
28 not the sale is made within the state, the use of which property is
29 subject to tax under section eleven hundred ten of this article or will
30 become subject to tax when such property is received by or comes into
31 the possession or control of such person within the state; (b) all
32 information services, protective and detective services and interior
33 decorating and design services as such services are described in subdivi-
34 sion (c) of section eleven hundred five of this article, rendered to a
35 person within the state, whether or not such services are rendered from
36 or at a location within the state; (c) all services rendered to a person
37 within the state, whether or not such services are performed within the
38 state, upon tangible personal property the use of which is subject to
39 tax under section eleven hundred ten of this article or will become
40 subject to tax when such property is received by or comes into
41 possession or control of such person within the state; (d) all property
42 sold by a person making sales described in clause (F) of subparagraph
43 (i) of paragraph eight of subdivision (b) of section eleven hundred one
44 of this article to a person described in such clause (F) who purchases
45 such property at retail, whether or not the sale is made within the
46 state; [~~(e) all telephone answering service rendered to a person within
47 the state, whether or not such services are performed within the state,
48 the use of which is subject to tax under section eleven hundred ten of
49 this article or will become subject to tax when such service is received
50 by or comes into possession or control of such person within the state,~~]
51 (f) all prepaid telephone calling services sold to a person within the
52 state, whether or not the sale is made within the state, the use of
53 which services are subject to tax under section eleven hundred ten of
54 this article or will become subject to tax when such services are
55 received by or come into the possession or control of such person within
56 the state, and whether or not such services are rendered from or at a

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

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