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RMS FINAL Budget Update: Revenue

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Governor Andrew M. Cuomo and the legislature struck a final deal on the \$163 billion state budget last Friday evening which achieved final passage by the Senate on Sunday following Assembly passage a day prior.

Highlights of the final budget include a \$1.1 billion increase in school aid that boosts funding by more than 6 percent, a juvenile justice measure that will divert more 16- and 17-year-olds accused of nonviolent crimes from adult criminal courts, and the authorization of ride-sharing services such as Uber and Lyft in Upstate and New York City suburbs.

We have prepared a section by section chart to provide a comparison of the Executive revenue proposals with the Senate and Assembly (where applicable) and final budget.

Executive Revenue Proposal		Projected Revenue/Savings	Assembly	Senate	Final Agreed Upon Bill- S6409-C/A.9009-C
Part A	Amends ABC Law to authorize issues of licenses to sell alcoholic beverages at retail for off premises to Taste-NY store operators who may not be farm manufacturers. Fee for license is set at \$500.	<i>minimal</i>	Omitted	Omitted	Omitted
Part B	Amends ABC Law to allow on premises alcoholic beverage sales in traditional movie theaters.	\$125,000	Omitted	Omitted	Omitted
Part C	Converts the STAR-related New York City Personal Income Tax (PIT) rate reduction benefit into a New York State PIT Credit for New York City (NYC) taxpayers	\$277M for FYE 2018 and \$360M annually thereafter	Accepts	Accepts	Accepts
Part D	Imposes a zero percent cap upon the growth in Basic and Enhanced STAR benefits, beginning with the 2017-18	\$50M	Omitted	Omitted	Omitted

	school year.				
Part E	Mandates participation in the STAR Income Verification Program (IVP) for senior citizens wishing to receive Enhanced STAR	n/a	Omitted	Omitted	Omitted
Part F	Allows for partial payments against property tax bills unless the municipality passes a resolution stating otherwise. The municipality would be authorized to establish conditions under which the partial payment option is permitted (e.g., the imposition of a service charge not to exceed \$10 per payment), or it may eliminate the option altogether if it so chooses.	n/a	Accepts	Omitted	Accepts
Part G	Amends Tax Law to make publicly available the names and addresses of applicants, and those who are receiving, the STAR credit to the same extent as the names and addresses of individuals who have applied for, or are receiving, the STAR exemption	n/a	Omitted	Omitted	Modified - Info kept confidential
Part H	Adjusts the STAR credit amount received by tenant-stockholders of cooperative apartment corporations to match the amount that tenant-stockholders would receive if they were separately assessed.	n/a	Omitted	Omitted	Accepts
Part I	Extends sunset date of gas and oil producers' assessment schedule from 2018 to 2021.	not calculated	Accepts	Omitted	Accepts
Part J	Allows SUNY Chancellor, rather than SED, to certify and approve disbursement of funds for veterans' homes operated by SUNY.	n/a	Accepts	Accepts	Accepts

Part K	Extends the benefits of the Excelsior Jobs Program Act to life sciences companies, and amend the Tax Law to add two new refundable tax credits applicable specifically to life sciences companies that are new businesses: a research and development tax credit for life sciences companies, and an angel investor tax credit for taxpayers that invest in life sciences companies.	-\$5m annually for FYE 2020 -2029	Omitted	Accepts	Accepts
Part L	Amend the Employee Training Incentive Credit Program to incentivize companies to include incumbent worker training as part of their expansion and retention projects, and expand the credit to include training for employees working in life sciences	n/a	Accepts	Omitted	Accepts
Part M	Extends the Empire State film production tax credit and Empire State film post-production tax credit for three years through 2022.	-\$31M in FYE 2022	Accepts	Accepts	Accepts
Part N	This bill would amend Labor Law § 25-a to authorize additional allocations of \$50 million per year in tax credits until 2022 for employers participating in the Urban Youth Jobs Program. The bill would rename the Program to the "NY Youth Jobs Program tax credit"	-\$50M annually for FYE 2020-2024	Accepts but streamlines the application process	Omitted	Reduced to \$40 million
Part O	Extends the sunset of the Alternative Fuels and Electric Vehicle Recharging Property Credit from December 31, 2017 to December 31, 2022.	-\$3M annually for FYE 2020-2024	Accepts	Omitted	Accepts

Part P	Clarifies that property used in the production or distribution of electricity, natural gas, steam, and water delivered through pipes and mains is not eligible for the ITC. Further limits ITC from being applied to costs incurred outside NYS with relation to films, recordings and commercials.	\$20M annually beginning FYE 2020	Accepts	Omitted	Accepts
Part Q	Clarifies that a single member limited liability company ("SMLLC") that is disregarded as an entity separate from its single member/owner ("a disregarded SMLLC") for federal income tax purposes shall be treated as a disregarded SMLLC for purposes of determining whether its owner is eligible to claim any state tax credit allowed under Article 9, 9-A, 22, 32 (prior to its repeal) or 33 of the Tax Law	n/a	Accepts	Accepts	Accepts
Part R	Extends the top PIT tax bracket for an additional three years until 2020.	\$683M in FYE 2018, \$3.4B in 2019, \$4.5B in 2020, 4B in 2021	Omitted	Omitted	2 Year extender
Part S	Makes permanent 50% of the federal charitable tax deduction for individuals with gross income over \$1 million and not greater than \$10 million, and 25% of the federal deduction for individuals with adjusted gross income over \$10 million.	\$70M in FYE 2019 and \$140M annually thereafter.	Extend	Omitted	2 Year extender
Part T	Increases the credit for certain household and dependent care services necessary for gainful employment for taxable years after 2017 for taxpayers whose NYAGI is between \$50,000 and \$150,000 annually.	-\$42M annually beginning in FYE 2020	Accepts	Accepts	Accepts

Part U	Expands the financial institution data match system for state tax collection purposes to include information regarding financial accounts for tax debtors with fixed and final tax debts, whether or not a warrant has been filed.	\$5M in FYE 2018 and \$15M annually thereafter.	Accepts	Omitted	Accepts
Part V	This bill would require tax clearances from the Tax Department to verify that new state employees do not have past-due state tax liabilities and are in compliance with applicable tax return filing requirements. The bill would also authorize local governments to require such tax clearances for new public employees.	\$1M in FYE 2018 and \$2M annually thereafter.	Omitted	Omitted	Omitted
Part W	Extends for a year the excess medical malpractice program and adds a requirement that physicians and dentists applying for excess medical malpractice coverage receive a tax clearance from the Department of Taxation and Finance before receiving such coverage.	\$1M in FYE 2018 and \$2M annually thereafter.	Omitted	Omitted	Omitted
Part X	Makes permanent the authority for the Commissioner of Taxation and Finance to serve wage garnishments on individual tax debtors and, if necessary, on the employers of such tax debtors, without the necessity of filing a warrant.	\$15M annually	Extends for only two years	Omitted	3 year extender

Part Y	Require all federal S corporations that are subject to tax in New York, or that have qualified subchapter S subsidiaries subject to tax in New York, to be treated as S corporations for New York State tax purposes rather than electing to be a C corporation. The bill would also amend tax law to conform to the elimination of the S corporation election.	\$5M annually beginning FYE 2019	Accepts	Omitted	Omitted
Part Z	Amend the definition of real property located in this state to include ownership interests in entities that own shares in a cooperative housing corporation where the cooperative units are located in New York for purposes of New York source income allowing the gain from the sale of ownership interests to be included as New York source income.	\$10M annually	Accepts	Omitted	Accepts
Part AA	Classifies the sale of an interest in a partnership by nonresident partners as a sale of assets rather than sale of intangible interest so that such transactions may be subject to income tax.	\$10M annually	Accepts	Omitted	Accepts
Part BB	Shifts sales tax collection responsibilities from sellers who utilize marketplace providers (consignment shops, auctioneers etc.) to the marketplace providers themselves	\$68M in FYE 2018 and \$136M annually thereafter	Accepts	Omitted	Omitted
Part CC	Amends the sales tax definition of "retail sale" to include any transfer of tangible personal property to certain entities when the property would be resold to related person or entities, including; (1) sales to single	\$9M in FYE 2018 and \$11M annually thereafter	Accepts	Omitted	Accepts

	member LLCs or subsidiaries that are disregarded for federal income tax purposes, for resale to a member or owner; (2) sales to a partnership for resale to one or more partners; and (3) sales to a trustee for resale to a trust beneficiary. In addition, the legislation provides that the use tax exemption shall not apply when a person brings out of state property into the state for use and services unless that person has been doing business outside NYS for at least six months				
Part DD	Clarify that sales tax is imposed on the transporting, transmitting, or delivering charges for gas or electricity when the transportation, transmission or distribution is delivered by the provider of the commodity.	n/a		Omitted	Accepts
Part EE	Require sellers to collect a surcharge on the sale of each prepaid wireless communications service or device sold within this state. In addition, authorizes localities to impose a 911 surcharge on prepaid communication services.	\$7M in FYE 2018 and \$26M annually thereafter	Accepts	Omitted	Omitted
Part FF	Regulates vapor products in the same manner as tobacco products, and impose an excise tax on these products.	\$3M in FYE 2018 and \$5M annually thereafter	Modifies Definition and Increase Tax to 40 cents per milliliter	Omitted	Omitted
Part GG	Conforms the vehicle seizure provisions of the Tax Law to the presumption of sale provisions of the Tax Law, and conform the Tax Law counterfeit stamp penalty to	\$1M annually	Omitted	Omitted	Omitted

	the Penal Law penalty for criminal possession of a forged instrument to ten untaxed cartons.				
Part HH	Allows for jeopardy assessments to assist in the collection of the excise tax on cigarettes and tobacco products similar to assessments currently allowed on gasoline and other motor fuel.	\$2M annually	Omitted	Omitted	Omitted
Part II	Change the method of taxation on cigars from a percentage of the wholesale price to a tax of 45 cents per cigar.	\$12M in FYE 2018 and \$23M annually thereafter	Accepts	Omitted	Omitted
Part JJ	Imposes the real estate transfer tax on the transfer of a minority interest in an entity that owns real property.	\$4M in FYE 2018 and \$5M annually thereafter	Accepts	Omitted	Omitted
Part KK	Authorizes the DTF Commissioner to examine the actual transactions and treat any conveyance of an interest in real property made pursuant to an agreement between the grantor and the grantee structured in a manner to avoid or evade the tax as subject to the additional real estate transfer tax.	\$2M annually	Accepts	Omitted	Omitted
PART LL	Amends Racing, Pari-Mutuel Wagering and Breeding Law to allow the Gaming Commission to assess horsepersons, racetracks, or both to cover the costs of equine drug testing rather than using General Fund. This bill also allows the gaming commission to procure NY equine testing labs through a competitive process.	\$4.5M	Omitted	Omitted	Accepts

PART MM	Consolidates the laws governing charitable gaming into the same chapter as other laws the Gaming Commission is charged with enforcing; and it would also modernize how charitable gaming is regulated to allow more flexibility to organizations who conduct gaming activities to support their charitable purposes.	n/a		Accepts	Modified - No consolidation. Allows for Bingo and raffle tickets
PART NN	Reprivatization of NYRA.	n/a	Modifies	Accepts	Modifies
PART OO	Extends, for one year, simulcasting provision for racing at home and at tracks. Extends, for one year, binding arbitration for disagreements. Extends, for one year, the current amount of OTB wagers on NYRA pools dedicated to purse enhancement. Extends, for one year, the distribution of revenue from on-track wagering.	n/a	Accepts	Accepts	Accepts
PART PP	Extends, for one year, the current distribution of video lottery gaming revenue at Monticello Casino & Raceway	-\$2M	Accepts	Modifies	Accepts
PART QQ	Extends, for one year, the deadline to receive approval and to complete capital projects that are reimbursed through the Video Lottery Gaming vendor's capital award.	n/a	Accepts	Modifies	Accepts
PART RR	Provides for a redistribution of available aid associated with hosting a gaming facility to provide aid to a county that hosts a tribal casino, but does not receive a percent of the State share of revenue from that casino.	n/a	Omitted	Modifies	Omitted
PART	Jockey Compensation Fund: proposes to authorize the NY Jockey Injury Compensation Fund to				

SS	continue utilizing certain purse monies to help finance workers' compensation insurance, elect to self-insure, and elect to provide coverage for employees of licensed owners and trainers.
PART TT	Require the department of tax and finance to postmark all advance payment STAR checks by either July or September when practicable depending on the when the school tax roll is filed, and require them to pay interest if they are mailed late, in order to allow taxpayers adequate time to pay their school tax bills.
PART UU	Reduces prepaid motor fuel tax by region and authorizes the Tax Commissioner to periodically adjust the prepaid tax rate for motor fuel to more accurately reflect the current sales tax on the retail price of motor fuel.
PART VV	QFI and REIT
PART WW	Exempts tax on graveyard monuments
PART XX	Extends NYS Incubator grants for already approved entities for three years
PART YY	Increases the Excelsior research and development tax credit component for R&D from 3% of costs to 6%.
PART ZZ	Lowers new job threshold for the Excelsior Jobs program. Defines 'significant capital investment'
PART AAA	Allows Transportation Network Companies (TNCs) to operate in Upstate New York and Long Island (UBER and LYFT)
PART BBB	Enacts County-wide Shared Services Property Tax Savings Plan
PART CCC	Extends for a year provisions relating to the minority and women-owned business enterprise disparity study
PART DDD	Establishes a tax credit for farm donations to food pantries
PART EEE	Imposes a 911 surcharge on pre-paid wireless communication services
Below are the remaining sections of the final revenue budget which are primarily policy agreements inserted as a result of negotiations between the Governor and the Legislature thus the "BIG UGLY"	
PART FFF	Establishes the Health Care Facility Transformation Program with DOH and DASNY for capital grants (minimum of \$75m for community-based health care providers.
PART GGG	Adds consideration of cognitive needs to managed long term care plans enrollment assessment
PART HHH	Establishes the Excelsior Scholarship for free tuition to SUNY for qualified applicants
PART III	Provides for enhanced tuition awards for qualified recipients
PART JJJ	Increases SUNY and CUNY tuition by not more than \$200 (NY-SUNY 2020)
PART KKK	Establishes the New York State Part-Time Scholarship Award Program
PART	Requires HESC to provide a report on college affordability by June 30, 2018

LLL	
PART MMM	Establishes the New York state child welfare worker incentive scholarship program for child welfare workers currently matriculated in undergraduate or graduate programs
PART NNN	Workers Compensation Reform:
PART OOO	Allows for itemized tax deduction of full amount of union dues beginning after January 2018.
PART PPP	Establishes the Office of the Inspector General of New York For Transportation - scope would be the Port Authority
PART QQQ	Repeals the budget extender and authorizes spending in appropriation bills
PART RRR	Extends ability to utilize Design-Build contracts to the UDC, DASNY, NYSORDA and OGS for Frontier Town, the Life Sciences Laboratory, Whiteface/Gore/Belleayre/Mt. Van Hoevenberg facilities, the State Fair Revitalization project, and the State Police Forensic Laboratory
PART SSS	Modifies participation in the NYPD FDNY pension fund
PART TTT	Renews and renames 421-a tax abatement program to the Affordable New York Housing Program for developers of new residential projects with 300 units or more in certain areas of Manhattan, Brooklyn and Queens. Establishes new labor standards.
PART UUU	Requires an annual comprehensive economic development report on START-UP NY published in January.
PART VVV	Requires videotaping / recording of criminal interrogations
PART WWW	RAISE THE AGE: Raises the age of criminal responsibility from 16 to 18
PART XXX	Requires the Director of the Budget to submit a plan for consideration should federal aid be reduced at any time by \$850 million or more. The legislation must act on this plan or an alternative plan within 90 days of submission or the DOB plan is automatically enacted.
PART YYY	Modifies Foundation Aid and aid to charter schools. Imposes various reforms.