

Appendix A: Clothing Exemption Legislation Introduced in the 1997-1998 Regular Session

Sponsor	Bill Number	Description
Present	S.533	State sales tax exemption for clothing and footwear items less than \$75 each. MAC, MTOA, and local exemptions are disallowed. Establishes an advisory committee for one year.
Holland	S.884	State sales tax exemption for clothing and footwear items less than \$100 each. MAC, MTOA, and local exemptions are disallowed.
Gentile	S.1462	State sales tax exemption for clothing and footwear items less than \$500 each. Allows for similar local and MAC exemptions.
Goodman	S.1665-B	State sales tax rate set to 0 percent for clothing and footwear items less than \$500 each. Allows for exemption of MAC taxes if city repays revenue lost. Allows MTOA exemption and provides for repayment of half the loss from the city or county and the remaining half from the general fund. Allows for other local exemptions without repayment.
Rath	S.2171	Adds an additional two-week period of exemption for items less than \$500 each from August 23, 1997 to September 6, 1997. Allows for similar local and MAC exemptions.
Present	S.4849	State sales tax exemption for clothing and footwear items without limit. Allows MAC and local exemptions as well. Establishes an advisory committee for one year.
Kuhl/Winner	S.3952/A.6895	Adds two additional weeks of \$500 per item exemption from August 16, 1997 to August 22, 1997 and January 17, 1998 to January 23, 1998. Allows for similar local and MAC exemptions. Requires a written report from the Department.
Trunzo/Boyle	S.1490/A.2241	State sales tax exemption for clothing and footwear items without limit on value. Allows for similar local and MAC exemptions.
Holland/Calhoun	S.1834/A.2732	State sales tax exemption for second-hand clothing without limit on value.
Marchi/Connelly	S.1718/ A.1671-A	State sales tax exemption for the first \$100 for each clothing and footwear item. No provision for local exemptions.
Brodsky	A.340	State sales tax exemption for clothing and footwear items less than \$75 each. No provision for local exemptions.
Colman	A.662	State sales tax exemption for clothing and footwear items less than \$100 each. MAC, MTOA, and local exemptions are disallowed.
Colman	A.723	Provides for local option without state exemption. Allows for exemption of MAC taxes if city repays revenue lost. Allows MTOA exemption and provides for repayment of half the loss from the city or county and the remaining half from the general fund. Allows for other local exemptions without repayment. No limit on value.
Connelly	A.754	State sales tax exemption for clothing and footwear items less than \$500 each. No provision for local exemptions.

Sponsor	Bill Number	Description
Silver	A.2239	State sales tax rate set to 0 percent for clothing and footwear items less than \$500 each. Allows for exemption of MAC taxes if city repays revenue lost. Allows MTOA exemption and provides for repayment of half the loss from the city or county and the remaining half from the general fund. Allows for other local exemptions without repayment.
Parment	A.2822	Sales and use tax rates on clothing and footwear items less than \$150 each reduced to 3 percent on June 1, 1998, 2 percent on January 1, 1999, 1 percent on January 1, 2000, and 0 percent on January 1, 2001. Provides for reduced rates or exemptions by non-MAC localities.
Guerin	A.3202	Establishes an annual tax exempt week, August 29 to September 7, for clothing and footwear items less than \$500 each. Provides for a local option, including MAC, as well.
Wertz	A.3643	State sales tax exemption for clothing without a limit on value. No provision for local exemptions.
D'Andrea	A.4160	State sales tax exemption for clothing purchased by persons 65 years of age or older without a limit on value. No provision for local exemptions.
Warner	A.4461	State sales tax exemption for clothing and footwear items less than \$500 each for the week of December 6, 1997 to December 12, 1997. Allows for similar local and MAC exemptions.
Warner	A.4806	State sales tax exemption for the first \$75 of clothing and footwear items purchased. No provision for local exemptions.
Colman	A.5576	State sales tax exemption for clothing and footwear items without limit on value. MAC, MTOA, and local options disallowed. Establishes an advisory committee for one year.
Warner	A.6303 & A.6304	Exempts clothing and footwear from Broome county's local sales tax. Authorizes an additional 1 percent local tax for 2 years. No limit on value.
Winner	A.6431	Exempts clothing and footwear from Tioga county's local sales tax. No limit on value.

Appendix B: Results of Resident and Nonresident Surveys

Sample Profiles

Residents

There were 1,244 respondents to the resident survey (a 25 percent response rate). Forty-four percent of the respondents live in a county that borders another state. The respondents were largely middle-class households (two-thirds of the respondents were clustered in the \$25,000-\$100,000 income groups). The average number of individuals residing in responding households was 2.9.

Nonresidents

There were 171 respondents to the survey of nonresidents (an 11 percent response rate). Sixty-eight percent of the respondents live in a county that borders New York. Generally, the nonresident respondents seemed to be more representative of higher income groups than the resident survey (57 percent of the nonresidents indicated that their total annual household income is over \$100,000 compared to 26 percent from the resident group).¹ The average number of individuals residing in respondent's households was 2.9.

Annual Spending on Clothing

Nearly equal numbers of respondents indicated that they spent either \$100-\$1,000 (27 percent of respondents), \$1,000-\$2,000 (27 percent of respondents) or \$2,000-\$5,000 (28 percent of respondents) annually on clothing purchases. Nonresidents reported higher levels of annual clothing purchases than residents with nearly 68 percent of nonresidents reporting total annual clothing purchases exceeding \$2,000 compared to 45 percent for residents.

Not surprisingly, the surveys of both the residents and nonresidents showed that as income increased annual spending on clothing also increased.

Shopping Preferences

Residents

As expected, almost all residents (99 percent) indicated that they purchased at least some of their clothing from New York retailers. Sixty-six percent of the resident respondents indicated that they also purchased some clothing from out-of-state retailers during the prior year. The survey respondents were nearly equally split as to whether they purchased any clothing from catalogs that do not collect New York State sales tax (51 percent did purchase from such catalogs).

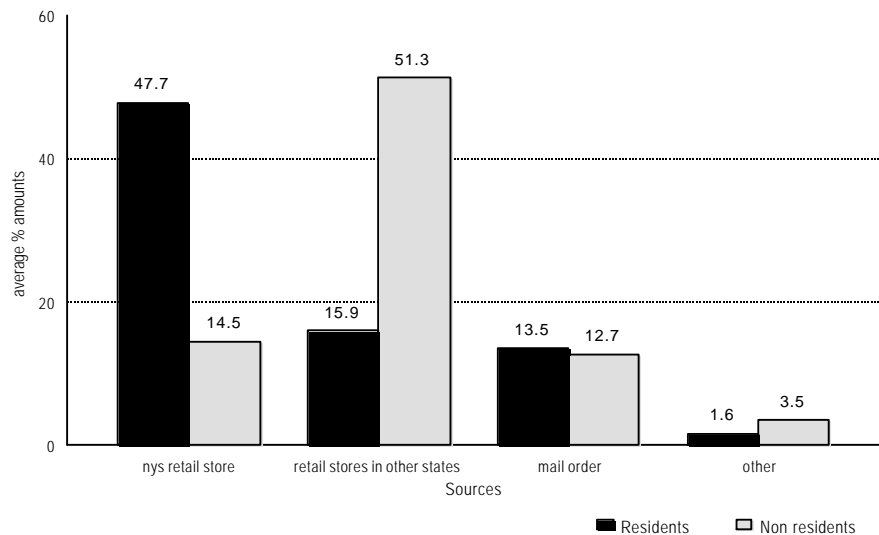
The most common sources of resident's clothing purchases were New York retail stores (48 percent of clothing purchases), retail stores in bordering states or provinces (16 percent of clothing purchases), and catalog and Internet retailers (14 percent of clothing purchases).

Nonresidents

Seventy-three percent of nonresidents indicated that they purchased clothing in New York State during the prior year. Nonresidents indicated that, on average, they purchased 14 percent of their clothing in New York State in the prior year.

Among nonresidents, 73 percent of the respondents indicated that they purchased clothing by mail order in the prior year. This is significantly higher than the 51 percent of New York respondents that indicated they shopped by mail order. This result is particularly interesting since sales tax avoidance represents an incentive for New York residents to use mail order retailers that does not apply to nonresidents. However, very much like New York residents, the nonresidents indicated that, on average, purchases from mail order retailers accounted for 13 percent of annual clothing purchases.

Chart B-1: Percentage of Household Clothing Purchases by Type of Store



Reasons for Purchasing Clothing Out of State

Residents

Among the resident survey respondents that indicated a reason for shopping out of state, the most frequently indicated reason for shopping out of state was to avoid paying sales tax (30 percent). The next most frequently selected reason was that clothing was less expensive out of state (22 percent). Relatively low percentages indicated that they shopped out of state for reasons related to convenience (13 percent) or better selection (7 percent).

Nonresidents

Among the nonresident respondents that indicated a reason for shopping in New York, the most frequently indicated reason was that it was more convenient (47 percent). The next most frequently selected reason for shopping in New York was for better selection of clothing (31 percent).

Chart B-2: Reasons New York State Residents Purchased Clothing Out of State - Percentage of Respondents Indicating Each Reason

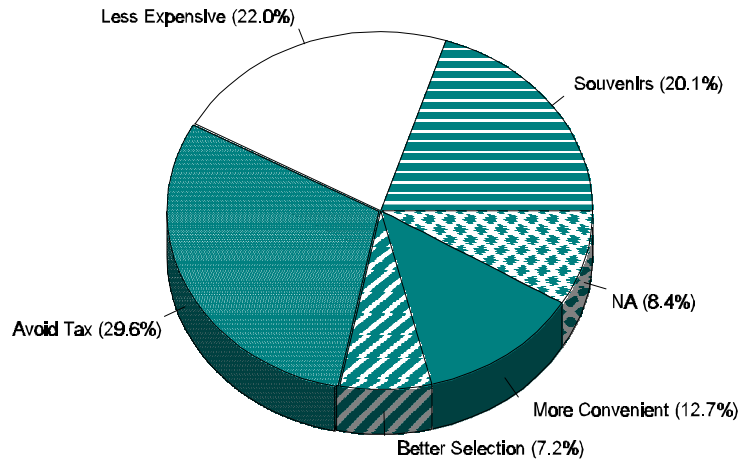
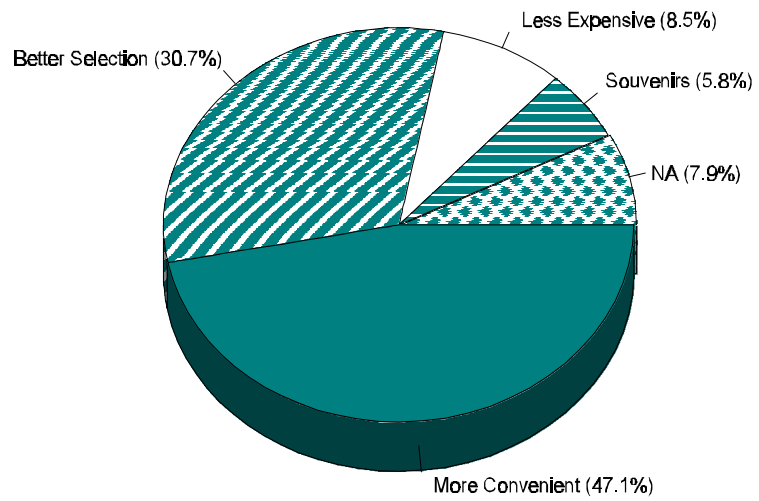


Chart B-3: Reasons Nonresidents Purchased Clothing in New York State - Percentage of Respondents Indicating Each Reason



Catalog Shopping

Residents

Fifty-one percent of New York residents answering the questions about catalog purchases indicated that they purchased clothing from mail order retailers that do not collect New York State sales tax. The most often cited reason for purchasing from those retailers was convenience (31 percent) followed by sales tax avoidance (22 percent).

Nonresidents

Seventy-three percent of nonresidents answering questions about mail order purchases indicated that they purchased clothing by mail order in the prior year. Among nonresidents, the most often cited reason was convenience (47 percent). The next most frequently cited reason (19 percent) was that mail order retailers offered a better selection of merchandise.

Awareness of the Temporary Exemption

The surveys indicate that there was a very high awareness of the temporary exemption program among both residents (97 percent) and nonresidents (91 percent) prior to the week it was in effect.

Effect of the Temporary Exemption on Clothing Purchases

Residents

Among the survey respondents that answered questions regarding the effect of the temporary exemption, 63 percent indicated that the exemption affected their clothing purchases. Interestingly, the largest portion of respondents to this question (36 percent) indicated that their purchases as a result of the exemption were in the \$100-\$250 range. Residents indicating that the exemption affected purchases indicated that the average value of their increased clothing purchases during the exemption week was \$280. Factoring in resident households that did not increase purchases because of the exemption (i.e., those residents that indicated a \$0 increase in clothing purchases) the average value of increased purchases by resident households that responded to the survey was approximately \$180.

Nonresidents

Among the nonresident respondents that answered our question regarding the effect of the temporary exemption, 31 percent indicated that the temporary exemption increased their clothing purchases in New York. The largest group of nonresident respondents indicated that their additional spending because of the exemption was in the \$250-\$500 range (33 percent). Among nonresidents indicating increased purchases because of the exemption, the average value of increased clothing purchases during the exemption week was \$367. Factoring in nonresident households that did not increase purchases because of the exemption (i.e., respondents that indicated a \$0 increase in clothing purchases) the average value of increased purchases by nonresident households responding to the survey was approximately \$112.

Chart B-4: Value of Residents' Clothing Purchases Due to Exemption

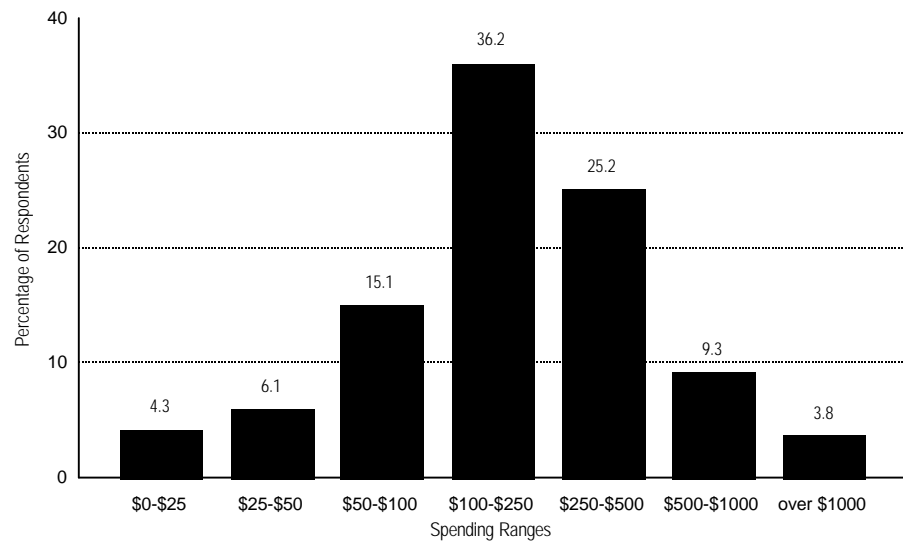
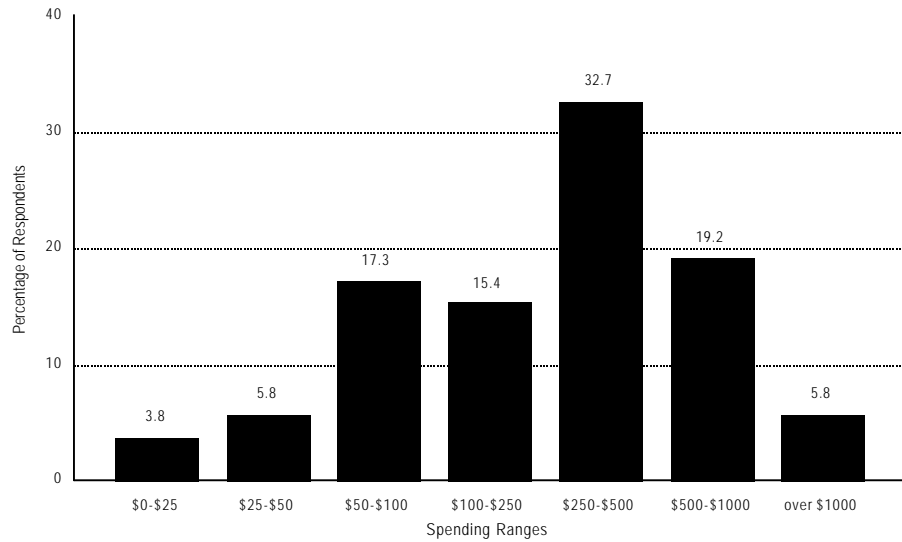


Chart B-5: Value of Nonresidents' Clothing Purchases Due to Exemption



Views on a Permanent Exemption

Residents

Among the survey respondents, more than 83 percent indicated that they would increase their spending on clothing in New York if clothing were exempt from tax. In response to how a permanent exemption would affect other spending, the highest percentage (44.1 percent) indicated that it would decrease their clothing purchases in other states. In addition, 29 percent of respondents indicated that a permanent exemption would decrease their purchases of clothing from catalogs.

Nonresidents

Among the nonresident survey respondents, more than 78 percent indicated that they would increase their spending on clothing in New York if clothing were exempt from sales tax. In response to how a permanent exemption would affect other spending, the highest percentage of respondents (57 percent) indicated that it would decrease their clothing purchases in their state of residence.

Chart B-6: Effect of Exemption on Spending - NYS Residents

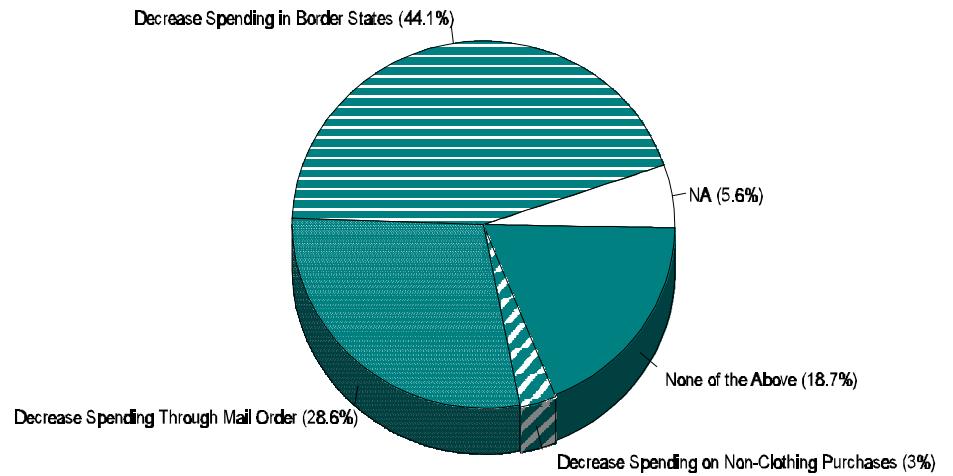
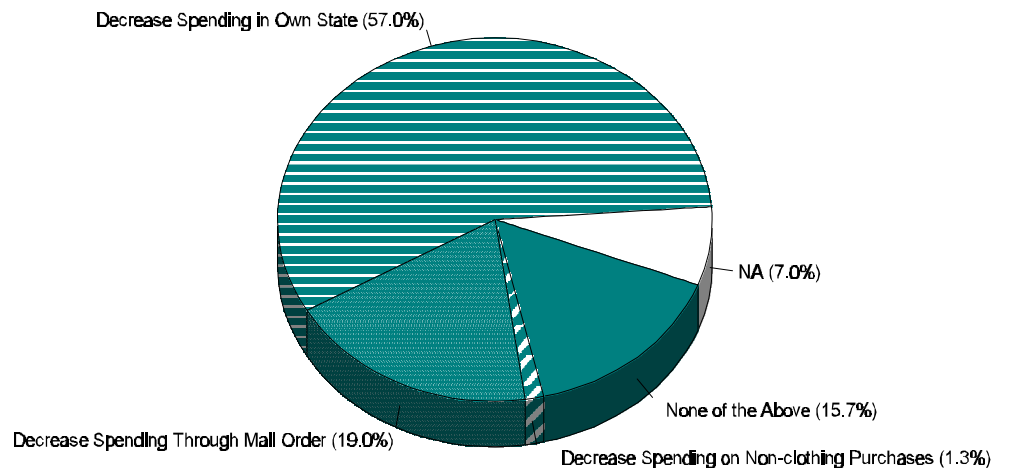


Chart B-7: Effect of Exemption on Spending - Nonresidents



Endnotes

1. Because the sample population for the nonresident survey was drawn from individuals that paid the nonresident earnings tax, it is biased toward higher income individuals with more of a connection to New York State than a typical resident of a bordering state.

RESULTS OF SURVEY OF NEW YORK RESIDENTS

(1) During 1996, how many individuals were members of your household?

Number of individuals in household - (**Average - 2.88**)

(2) How much did your household spend on clothing purchases in 1996 (January 1, 1996 through December 31, 1996)? Please choose only one range.

(21 - 1.7%) \$ 0 - \$ 100	(147 - 11.9%) \$ 5,000 - \$10,000
(334 - 27%) \$ 100 - \$1,000	(32 - 2.6%) \$10,000 - \$20,000
(331 - 26.8%) \$1,000 - \$2,000	(29 - 2.3%) More than \$20,000
(341 - 27.7%) \$2,000 - \$5,000	

TOTAL NUMBER ANSWERING QUESTION - 1,235

DID NOT ANSWER QUESTION - 9

(3) During 1996, what percentage (e.g., 10%, 25%, etc.) of your household's clothing was purchased from each of the following sources?

	<u>Average</u>		<u>Average</u>
Retail Stores located in New York State	(47.75%)	Mail Order Catalog	(13.51%)
Retail Stores located in Other States or Canadian Provinces	(15.95%)	Other	(1.60%)

(4) During 1996, did any members of your household purchase clothing from a store in another state or Canadian province?

(799 - 64.9%) Yes	(432 - 35.1%) No
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TOTAL NUMBER ANSWERING QUESTION - 1,231

DID NOT ANSWER QUESTION - 13

(5) If you purchased clothing in another state during 1996, please indicate the reasons that contributed to your out of state clothing purchase (choose as many as apply):

(366 - 20.1%)	The clothing was purchased as souvenirs (e.g., tee-shirts, sweatshirts, etc)
(399 - 22%)	The clothing was less expensive out of state
(538 - 29.6%)	The clothing was purchased out-of-state to avoid paying sales tax
(131 - 7.2%)	The clothing was purchased out-of-state because the selection or quality was better
(230 - 12.7%)	The clothing was purchased out-of-state because it was more convenient
(153 - 8.4%)	Not applicable

TOTAL NUMBER ANSWERING QUESTION - 994*

DID NOT ANSWER QUESTION - 250

*NOTE: Total of all responses exceeds the total number of respondents to the question because respondents were asked to select as many choices as apply.

(6) During 1996, did any members of your household purchase clothing through a mail order catalog or Internet retailer who does not collect New York State sales tax?
(627 - 51.2%) Yes (597 - 48.8%) No

TOTAL NUMBER ANSWERING QUESTION - 1,244 DID NOT ANSWER QUESTION - 20

(7) If you answered “yes” to question 6 above, please indicate the reasons for purchasing from that retailer (choose as many as apply):
(416 - 31%) Convenience
(242 - 18%) Lower Price
(222 - 16.5%) Better Selection (Styles, Sizes, etc.)
(292 - 21.8%) To Avoid Paying New York State Sales Tax
(140 - 10.4%) Better Quality of Merchandise
(31 - 2.3%) Other

TOTAL NUMBER ANSWERING QUESTION - 641* DID NOT ANSWER QUESTION - 603

(8) Prior to receiving this survey, were you aware that New York State temporarily exempted clothing from the sales tax from January 18, 1997 through January 24, 1997?
(1,195 - 96.5%) Yes (43 - 3.5%) No

TOTAL NUMBER ANSWERING QUESTION - 1,238 DID NOT ANSWER QUESTION - 6

(9) To the best of your knowledge, did the county in which you reside also choose to exempt clothing during the one-week exemption period?
(1,037 - 86.1%) Yes (167 - 13.9%) No

TOTAL NUMBER ANSWERING QUESTION - 1,204 DID NOT ANSWER QUESTION - 40

(10) During the week of the exemption, did you travel to another locality within New York State to purchase clothing exempt from local, i.e., county or city, sales taxes?
(201 - 16.5%) Yes (1,014 - 83.5%) No

TOTAL NUMBER ANSWERING QUESTION - 1,215 DID NOT ANSWER QUESTION - 29

(11) Did New York State’s temporary clothing exemption have any effect on your clothing purchases during the week of the exemption?
(773 - 63.3%) Yes (448 - 36.7%) No

TOTAL NUMBER ANSWERING QUESTION - 1,221 DID NOT ANSWER QUESTION - 23

*NOTE: Total of all responses exceeds the total number of respondents to the question because respondents were asked to select as many choices as apply.

(12) If you answered “yes” to question 11, please estimate the value of the clothing purchases you made because of the exemption.

(34 - 4.3%)	\$ 0 - \$ 25	(198 - 25.2%)	\$250 - \$500
(48 - 6.1%)	\$ 25 - \$ 50	(73 - 9.3%)	\$500 - \$1,000
(119 - 15.1%)	\$ 50 - \$100	(30 - 3.8%)	More than \$1,000
(285 - 36.2%)	\$100 - \$250		

TOTAL NUMBER ANSWERING QUESTION - 787

DID NOT ANSWER QUESTION - 457

(13) If New York State permanently exempted clothing from the sales tax, how would it affect the amount of your spending on clothing purchased from New York stores?

(365 - 29.9%) It would greatly increase my spending
(649 - 53.2%) It would somewhat increase my spending
(203 - 16.6%) It would not affect my spending
(4 - 0.3%) It would decrease my spending

TOTAL NUMBER ANSWERING QUESTION - 1,221

DID NOT ANSWER QUESTION - 23

(14) If you selected either of the first two responses to question 13 above, please indicate which of the following will apply (choose as many as apply). A New York clothing exemption would:

(582 - 44.1%) Decrease my household’s purchases of clothing from stores in bordering states or provinces
(378 - 28.6%) Decrease my household’s purchases of clothing through mail order catalogs
(39 - 3%) Decrease my spending on other (i.e., non-clothing) items or services in New York
(247 - 18.7%) None of the above
(74 - 5.6%) Not Applicable

TOTAL NUMBER ANSWERING QUESTION - 1,036*

DID NOT ANSWER QUESTION - 208

(15) Were you a resident of New York State during the period from January 1, 1996 through December 31, 1996.

(1,221 - 99.8%)	Yes	(2 - 0.2%)	No
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TOTAL NUMBER ANSWERING QUESTION - 1,223

DID NOT ANSWER QUESTION - 21

(16) Please indicate the range of the total income of your household.

(14 - 1.2%)	\$0 - \$10,000	(460 - 38.4%)	\$50,000 - \$100,000
(81 - 6.7%)	\$10,000 - \$25,000	(306 - 25.6%)	More than \$100,000
(336 - 28.1%)	\$25,000 - \$50,000		

TOTAL NUMBER ANSWERING QUESTION - 1,197

DID NOT ANSWER QUESTION - 47

*NOTE: Total of all responses exceeds the total number of respondents to the question because respondents were asked to select as many choices as apply.

(17) Do you live in a county that borders another state or Canadian province?
(539 - 44.1%) Yes (682 - 55.9%) No

TOTAL NUMBER ANSWERING QUESTION - 1,221 DID NOT ANSWER QUESTION - 23

(18) If you answered “yes” to question 17, please indicate which state or province your county borders.

(145 - 23.8%) Connecticut	(203 - 33.3%) New Jersey	(17 - 2.8%) Vermont
(7 - 1.1%) Quebec	(13 - 2.1%) Massachusetts	(81 - 13.3%) Pennsylvania
(77 - 12.6%) Ontario	(67 - 11%) Not applicable	

TOTAL NUMBER ANSWERING QUESTION - 610 DID NOT ANSWER QUESTION - 634

*NOTE: Total of all responses exceeds the total number of respondents to the question because respondents were asked to select as many choices as apply.

RESULTS OF SURVEY OF NONRESIDENTS

- (1) During 1996, how many individuals were members of your household?

Number of individuals in household - **(Average - 2.87)**

- (2) How much did your household spend on clothing purchases in 1996 (January 1, 1996 through December 31, 1996)? Please choose only one range.

(0 - 0 %)	\$ 0 - \$ 100	(33 - 19.5%)	\$ 5,000 - \$10,000
(26 - 15.4%)	\$ 100 - \$1,000	(9 - 5.3%)	\$10,000 - \$20,000
(30 - 17.8%)	\$1,000 - \$2,000	(9 - 5.3%)	More than \$20,000
(62 - 36.7%)	\$2,000 - \$5,000		

TOTAL NUMBER ANSWERING QUESTIONS - 169

DID NOT ANSWER QUESTIONS - 2

- (3) During 1996, what percentage (e.g., 10%, 25%, etc.) of your household's clothing was purchased from each of the following sources:

	<u>Average</u>		<u>Average</u>
Retail Stores located in New York State -	(14.49%)	Mail Order Catalogs -	(12.69%)
Retail Stores located in Other States - or Canadian Provinces	(51.29%)	Other -	(3.51%)

- (4) During 1996, did any members of your household purchase clothing from a store in New York State.?

(123 - 72.8%) Yes	(46 - 27.2%) No
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TOTAL NUMBER ANSWERING QUESTIONS - 169

DID NOT ANSWER QUESTIONS - 2

- (5) If you purchased clothing in New York State during 1996, please indicate the factors that contributed to your clothing purchase (choose as many as apply):

(11 - 5.8%)	The clothing was purchased as souvenirs (e.g., tee-shirts, sweatshirts, etc)
(16 - 8.5%)	The clothing was purchased in New York State because it was less expensive
(58 - 30.7%)	The clothing was purchased in New York State because the selection or quality was better
(89 - 47.1%)	The clothing was purchased in New York because it was more convenient
(15 - 7.9%)	Not applicable

TOTAL NUMBER ANSWERING QUESTIONS - 139*

DID NOT ANSWER QUESTIONS - 32

*NOTE: Total of all responses exceeds the total number of respondents to the question because respondents were asked to select as many choices as apply.

(6) During 1996, did any members of your household purchase clothing through a mail order or Internet retailer?

(123 - 72.8%) Yes (46 - 27.2%) No

TOTAL NUMBER ANSWERING QUESTIONS - 169 DID NOT ANSWER QUESTIONS - 2

(7) If you answered "yes" to question 6 above, please indicate the reasons for purchasing from that retailer (choose as many as apply):

(102 - 46.8%) Convenience
(28 - 12.8%) Lower Price
(41 - 18.8%) Better Selection (Styles, Sizes, etc.)
(14 - 6.4%) To Avoid Paying my state's Sales Tax
(18 - 8.3%) Better Quality of Merchandise
(15 - 6.9%) Other

TOTAL NUMBER ANSWERING QUESTIONS - 123* DID NOT ANSWER QUESTIONS - 48

(8) Prior to receiving this survey were you aware that New York State temporarily exempted clothing from the sales tax from January 18, 1997 through January 24, 1997?

(156 - 91.2%) Yes (15 - 8.8%) No

TOTAL NUMBER ANSWERING QUESTIONS - 171 DID NOT ANSWER QUESTIONS - 0

(9) Did New York State's temporary clothing exemption have any effect on your clothing purchases in New York during the week of the exemption?

(53 - 31.2%) Yes (117 - 68.8%) No

TOTAL NUMBER ANSWERING QUESTIONS - 170 DID NOT ANSWER QUESTIONS - 1

(10) If you answered "yes" to question 9, please estimate the value of the clothing purchases you made because of the exemption.

(2 - 3.8%) \$ 0 - \$ 25	(17 - 32.7%) \$250 - \$ 500
(3 - 5.8%) \$ 25 - \$ 50	(10 - 19.2%) \$500 - \$1,000
(9 - 17.3%) \$ 50 - \$100	(3 - 5.8%) More than \$1,000
(8 - 15.4%) \$100 - \$250	

TOTAL NUMBER ANSWERING QUESTIONS - 52 DID NOT ANSWER QUESTIONS - 119

*NOTE: Total of all responses exceeds the total number of respondents to the question because respondents were asked to select as many choices as apply.

- (11) If New York State permanently exempted clothing from the sales tax, how would it affect your spending on clothing in New York stores?
- (48 - 28.9%) It would greatly increase my spending
 - (82 - 49.4%) It would somewhat increase my spending
 - (36 - 21.7%) It would not affect my spending
 - (0 - 0%) It would decrease my spending

TOTAL NUMBER ANSWERING QUESTIONS - 166

DID NOT ANSWER QUESTIONS - 5

- (12) If you selected either of the first two responses to question 11 above, please indicate which of the following will apply (choose as many as apply). A New York clothing exemption would:
- (90 - 57%) Decrease my household's purchases of clothing from stores in my state or province
 - (30 - 19%) Decrease my household's purchases of clothing through mail order catalogs
 - (2 - 1.3%) Decrease my spending on other (i.e., non-clothing) items or services in New York
 - (25 - 15.7%) None of the above
 - (11 - 7 %) Not Applicable

TOTAL NUMBER ANSWERING QUESTIONS -136

DID NOT ANSWER QUESTIONS - 35

- (13) Please indicate your primary state or province of residence from January 1, 1996 through December 31, 1996.
- | | | |
|--------------------------|---------------------------|--------------------------|
| (41 - 24.6%) Connecticut | (106 - 63.5%) New Jersey | (2 - 1.2%) Vermont |
| (0 - 0%) Quebec | (2 - 1.1%) Massachusetts | (14 - 8.4%) Pennsylvania |
| (0 - 0%) Ontario | (2 - 1.2%) Other | |

TOTAL NUMBER ANSWERING QUESTIONS - 167

DID NOT ANSWER QUESTIONS - 4

- (14) Do you live in a county that borders New York State?
- | | |
|-------------------|-----------------|
| (112 - 67.5%) Yes | (54 - 32.5%) No |
|-------------------|-----------------|

TOTAL NUMBER ANSWERING QUESTIONS - 166

DID NOT ANSWER QUESTIONS - 5

- (15) Please indicate the range of the total income of your household.
- (1 - 0.6%) \$ 0 - \$ 10,000
 - (4 - 2.4%) \$10,000 - \$ 25,000
 - (10 - 6.1%) \$25,000 - \$ 50,000
 - (55 - 33.6%) \$50,000 - \$100,000
 - (94 - 57.3%) More than \$100,000

TOTAL NUMBER ANSWERING QUESTIONS -164

DID NOT ANSWER QUESTIONS - 7

*NOTE: Total of all responses exceeds the total number of respondents to the question because respondents were asked to select as many choices as apply.

Appendix C: Results of Retailers Survey

Sample Profile

There were 460 responses to the survey (an 18 percent response rate). Retailers responding to the survey indicated that they operated, on average, five stores within New York State. Approximately 40 percent of the respondents were apparel and accessory stores while 13 percent were shoe stores. The majority of the survey respondents (56 percent) indicated that their 1996 total retail sales for the New York stores were in the \$1 million - \$5 million range.

Among the responding retailers, 40 percent were located in New York City and 21 percent were located in counties outside New York City that border other states. The remaining 39 percent were located in non-border counties.

Retail Sales

Ninety-two percent of the retailers responding to questions on clothing sales indicated that their sales of clothing and footwear increased during the exemption week compared to their sales during the same week in 1996. The largest portion of retailers responding to this question (23 percent) indicated that their sales of clothing for the week increased by 20-50 percent. Among the respondents indicating an increase, the average increase in sales of clothing and footwear was approximately 41 percent. Among retailers that sell primarily clothing or footwear, and that indicated an increase in sales during the exemption week, the average increase in sales was approximately 51 percent.

Retailers were also asked to compare their total retail sales of clothing and footwear for January 1997 to total retail sales for January 1996. Among retailers answering this question, 85 percent indicated an increase in total retail sales for January 1997. Among those retailers indicating an increase, total sales for January 1997 exceeded sales for January 1996 by an average of 26 percent. Among retailers primarily selling clothing and

footwear and indicating an increase in sales for the month, the average increase over January 1996 sales was 31 percent.

Chart C-1: Increase in Clothing Sales for Exemption Week and January 1997 - All Survey Respondents that Indicated an Increase

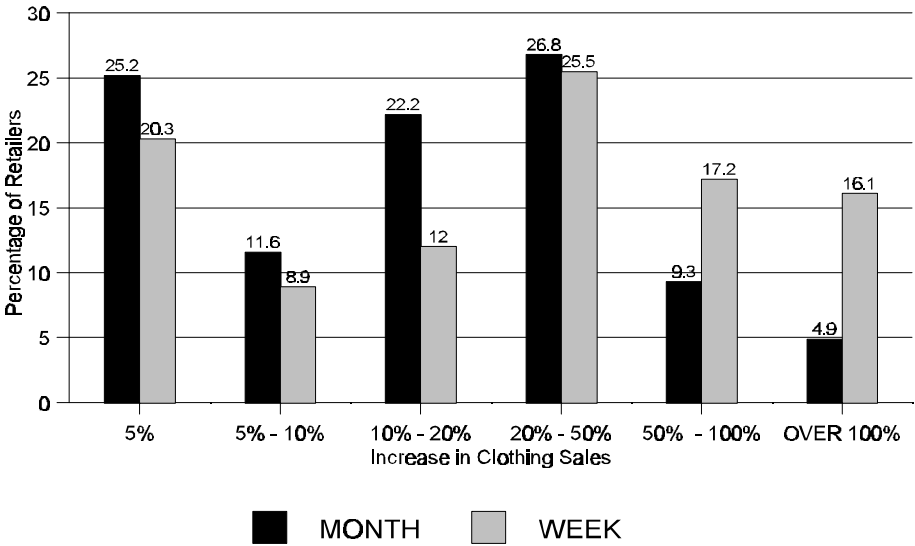
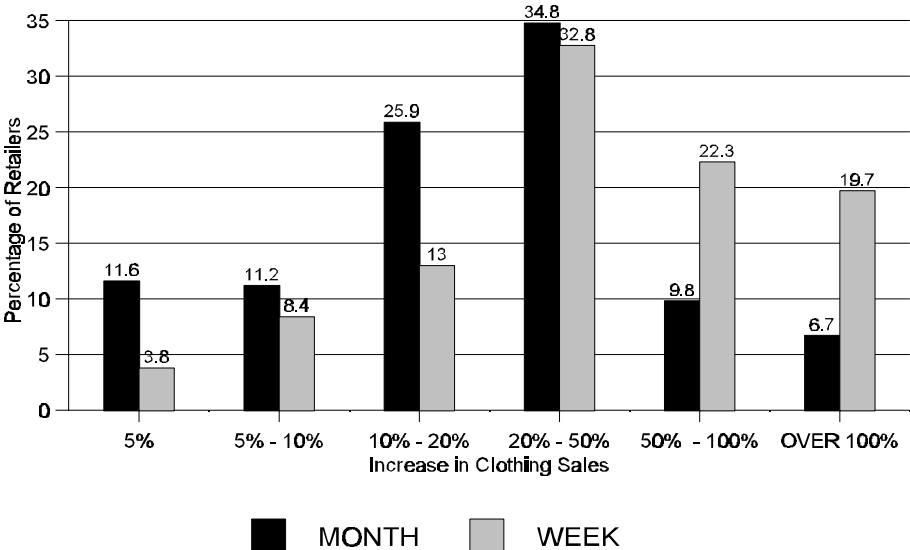


Chart C-2: Increase in Clothing Sales for Exemption Week and January 1997 - Respondents that are Primary Clothing or Footwear Retailers and that Indicated an Increase

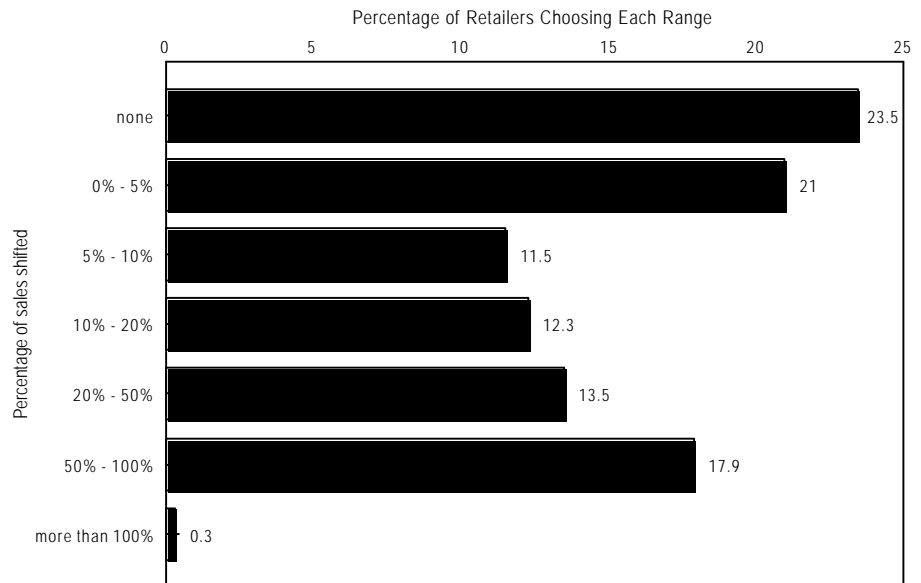




Shifting of Sales

Retailers were asked to help determine whether the exemption generated new sales or simply moved sales from earlier or later weeks. The largest group of retailers (24 percent of the retailers responding to this question) indicated that they believe that none of the sales during that week were shifted from prior or later weeks. However, a slightly smaller percentage of respondents (18 percent) indicated that 50-100 percent of the sales during the exemption week were sales that would have taken place in prior or later weeks. The retailers answering the question indicated that, on average, 22 percent of the sales during the exemption week were sales that would have taken place in prior or later weeks without the exemption.

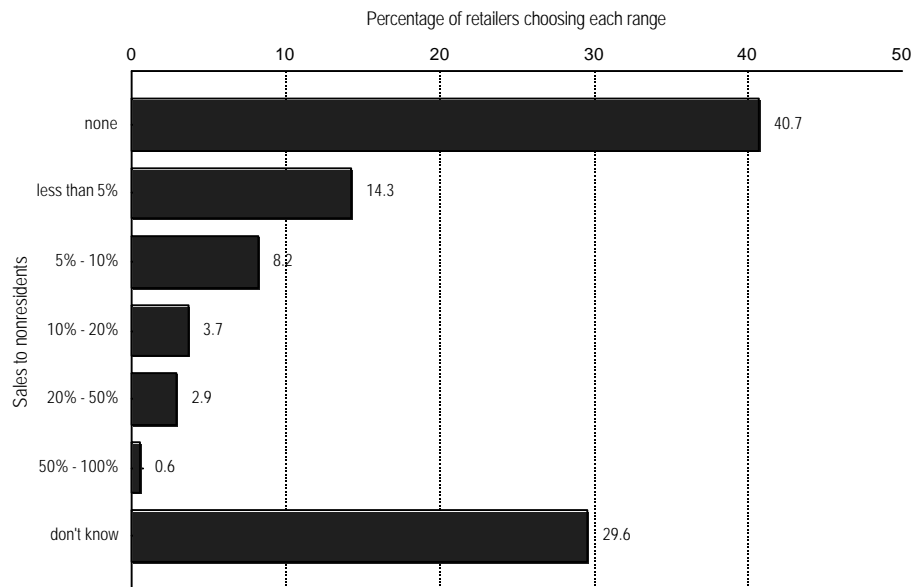
Chart C-3: Percentage of Sales During Exemption Week that were Shifted from Other Weeks



Sales To Nonresidents

One of the primary criticisms of New York's sales tax on clothing is that it discourages nonresidents from coming into New York to shop. Therefore, retailers were asked to gauge the effect of the exemption on sales to residents of bordering states. The largest group of respondents to this question (41 percent) indicated that the exemption did not generate any sales to residents of bordering states. Fourteen percent of the respondents to this question indicated that less than 5 percent of the sales they made because of the tax exemption were to residents of bordering states.

Chart C-4: Sales to Nonresidents Due to Temporary Exemption



Vendor Costs

Retailers were asked to estimate the costs that they incurred in implementing the exemption. The largest group of retailers answering this question (88 percent) indicated that they incurred \$0-\$1,000 in administrative costs related to implementing the exemption. Ten percent of the retailers answering this question indicated that they spent between \$1,000 and \$10,000.

Retailers were asked for their opinion as to whether New York's imposition of sales tax adversely affects their sales of clothing. Sixty-

Views on New York's Sales Tax eight percent of retailers answering the question felt that it does adversely affect their clothing sales.

Annual One-Week Exemption Retailers were asked for their views on holding the one-week exemption on an annual basis. Of the respondents that answered the question regarding future temporary exemptions, a clear majority (75 percent) indicated that they favor enacting the one-week exemption annually. As to their preference for the time of year of a temporary exemption, the largest portion of retailers answering the question (29 percent) indicated that the post-Christmas period is preferable. Almost an equal number (28 percent) indicated that it should be offered during the Christmas shopping season and 20 percent indicated that it should be held during “back to school” shopping season.

Views on a Permanent Exemption Of the retailers answering the question regarding a permanent exemption, 93 percent indicated that they favor exempting clothing on a permanent basis.

RESULTS OF SURVEY OF RETAILERS

(1) What type of store(s) do you operate?

- (16 - 3.5%) Department Store
- (178 - 39.5%) Apparel and Accessory Store
- (18 - 4 %) Mass Merchandise Store
- (57 - 12.6%) Shoe Store
- (93 - 20.7%) Food Store
- (89 - 19.7%) Other

TOTAL NUMBER ANSWERING QUESTIONS - 451

DID NOT ANSWER QUESTION - 9

(2) How many stores do you operate in New York State?

Number of Stores (Average - 4.74; Maximum -170; Total - 2,179)

(3) Please indicate the range of your total retail sales for your New York store(s) during the 1996 calendar year.

- | | | | |
|---------------|----------------------------|-------------|-----------------------------|
| (81 - 18.5%) | Less than \$1 million | (15 - 3.4%) | \$10 million - \$15 million |
| (133 - 30.5%) | \$1 million - \$ 2 million | (15 - 3.4%) | \$15 million - \$20 million |
| (107 - 24.5%) | \$2 million - \$ 5 million | (15 - 3.4%) | \$20 million - \$50 million |
| (26 - 5.9%) | \$5 million - \$ 7 million | (21 - 4.8%) | more than \$50 million |
| (24 - 5.6%) | \$7 million - \$10 million | | |

TOTAL NUMBER ANSWERING QUESTIONS - 437

DID NOT ANSWER QUESTION - 23

(4) During the 1996 calendar year what percentage of the total retail sales of your New York store(s) were attributable to sales of clothing and/or footwear?

- | | | | | | |
|------------|-----------|-------------|--------------|--------------|------------|
| (84 -19%) | None | (57 -12.9%) | Less than 5% | (11 - 2.5%) | 5% - 10% |
| (7 - 1.6%) | 10% - 20% | (22 - 5.0%) | 20% - 50% | (261 - 59%) | 50% - 100% |

TOTAL NUMBER ANSWERING QUESTIONS - 442

DID NOT ANSWER QUESTION - 18

(5) Please check all of the choices that apply to the location of your New York stores. My store(s) are located in (check as many as apply):

- (175 - 40.4%) New York City
- (90 - 20.8%) Counties outside of New York City that border other states
- (168 - 38.8%) Counties outside of New York City that do not border other states

TOTAL NUMBER ANSWERING QUESTIONS - 433

DID NOT ANSWER QUESTION - 27

- (6) Are any of your stores in a locality that opted not to participate in the one week clothing exemption?
(71 - 16.6%) Yes (357 - 83.4%) No

TOTAL NUMBER ANSWERING QUESTIONS - 428

DID NOT ANSWER QUESTION - 32

- (7) If you answered "yes" to question 6 above, approximately what percentage of your total retail sales are attributable to those stores?

(23 - 17%)	0% - 20%	(1 - 0.7%)	80% - 90%
(7 - 5.2%)	20% - 40%	(30 - 22.2%)	100%
(7 - 5.2%)	40% - 60%	(64 - 47.4%)	Not applicable
(3 - 2.3%)	60% - 80%		

TOTAL NUMBER ANSWERING QUESTIONS - 135

DID NOT ANSWER QUESTION - 325

- (8) Please indicate your percentage change in **total retail sales** for the week of 1/18 - 1/24, 1997 compared to the week of 1/13-1/19, 1996.

<u>My sales increased</u>		<u>My sales decreased</u>	
(84 - 20.3%)	Less than 5%	(31 - 7.5%)	Less than 5%
(35 - 8.5%)	5% - 10%	(15 - 3.6%)	5% - 10%
(44 - 10.7%)	10% - 20%	(3 - 0.7%)	10% - 20%
(90 - 21.8%)	20% - 50%	(6 - 1.5%)	20% - 50%
(45 - 10.9%)	50% - 100%	(5 - 1.2%)	50% - 100%
(54 - 13.1%)	More than 100%	(1 - 0.2%)	More than 100%

TOTAL NUMBER ANSWERING QUESTIONS - 413

DID NOT ANSWER QUESTION - 47

- (9) Please indicate your percentage change in **total retail sales** for the month of January, 1997 compared to January, 1996.

<u>My sales increased</u>		<u>My sales decreased</u>	
(91 - 21.6%)	Less than 5%	(42 - 10 %)	Less than 5%
(54 - 12.8%)	5% - 10%	(22 - 5.2%)	5% - 10%
(66 - 15.7%)	10% - 20%	(8 - 1.9%)	10% - 20%
(84 - 20.0%)	20% - 50%	(7 - 1.7%)	20% - 50%
(30 - 7.1%)	50% - 100%	(2 - 0.5%)	50% - 100%
(14 - 3.3%)	More than 100%	(1 - 0.2%)	More than 100%

TOTAL NUMBER ANSWERING QUESTIONS - 421

DID NOT ANSWER QUESTION - 39

- (10) Please indicate your percentage change in **total retail sales of clothing and footwear** for the week of 1/18 - 1/24, 1997 compared to the week of 1/13-1/19, 1996.

<u>My sales increased</u>		<u>My sales decreased</u>	
(66 - 18.6%)	Less than 5%	(17 - 4.8%)	Less than 5%
(29 - 8.2%)	5% - 10%	(2 - 0.7%)	5% - 10%
(39 - 11.1%)	10% - 20%	(3 - 0.8%)	10% - 20%
(83 - 23.4%)	20% - 50%	(3 - 0.8%)	20% - 50%
(56 - 15.8%)	50% - 100%	(3 - 0.8%)	50% - 100%
(52 - 14.7%)	More than 100%	(1 - 0.3%)	More than 100%

TOTAL NUMBER ANSWERING QUESTIONS - 354

DID NOT ANSWER QUESTION - 106

- (11) Please indicate your percentage change in **total retail sales of clothing and footwear** for the month of January, 1997 compared to the month of January, 1996.

<u>My sales increased</u>		<u>My sales decreased</u>	
(76 - 21.3%)	Less than 5%	(28 - 7.8%)	Less than 5%
(35 - 9.8%)	5% - 10%	(12 - 3.4%)	5% - 10%
(67 - 18.8%)	10% - 20%	(6 - 1.7%)	10% - 20%
(81 - 22.6%)	20% - 50%	(7 - 2.0%)	20% - 50%
(28 - 7.8%)	50% - 100%	(2 - 0.6%)	50% - 100%
(15 - 4.2%)	More than 100%	(0 - 0.0%)	More than 100%

TOTAL NUMBER ANSWERING QUESTIONS - 357

DID NOT ANSWER QUESTION - 103

- (12) Please estimate, for the week of 1/18 - 1/24, 1997, the percentage of your total sales of clothing and footwear you believe would have occurred without the temporary exemption, e.g., sales that were delayed or accelerated from other weeks:

(84 - 23.5%)	None	(48 - 13.5%)	20% - 50%
(75 - 21.0%)	0% - 5%	(64 - 17.9%)	50% - 100%
(41 - 11.5%)	5% - 10%	(1 - 0.3%)	More than 100%
(44 - 12.3%)	10% - 20%		

TOTAL NUMBER ANSWERING QUESTIONS - 357

DID NOT ANSWER QUESTION - 103

- (13) Please estimate the total costs (other than advertising costs) your store incurred to implement the temporary clothing exemption (e.g., reprogramming scanners and cash registers, training sales staff, etc.)

(333 - 88.3%)	\$ 0 - \$ 1,000
(38 - 10.1%)	\$ 1,000 - \$ 10,000
(5 - 1.3%)	\$ 10,000 - \$100,000
(1 - 0.3%)	\$100,000 - \$500,000
(0 - 0.0%)	More than \$500,000

TOTAL NUMBER ANSWERING QUESTIONS - 377

DID NOT ANSWER QUESTION - 83

(14) Please estimate the percentage of your clothing sales that were made to residents of bordering states as a result of the temporary sales tax exemption.

(154 - 40.7%)	None	(11 - 2.9%)	20% - 50%
(54 - 14.3%)	Less than 5%	(2 - 0.6%)	50% - 100%
(31 - 8.2%)	5% - 10%	(112 -29.6%)	Don't Know
(14 - 3.7%)	10% - 20%		

TOTAL NUMBER ANSWERING QUESTIONS - 378

DID NOT ANSWER QUESTION - 82

(15) Do you believe that New York's imposition of sales tax on clothing adversely effects your sales of clothing and footwear?

(255 - 67.8%)	Yes	(121 - 32.2%)	No
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TOTAL NUMBER ANSWERING QUESTIONS - 376

DID NOT ANSWER QUESTION - 84

(16) Do you favor enacting the one week clothing exemption annually?

(299 - 75.3%)	Yes	(98 - 24.7%)	No
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TOTAL NUMBER ANSWERING QUESTIONS - 397

DID NOT ANSWER QUESTION - 63

(17) If the one week exemption is enacted again next year, when would you prefer that it take place?

(107 - 27.7%)	Christmas Shopping Season	(31 - 8.0%)	President's Week	
(78 - 20.2%)	"Back to School" Shopping Season	(12 - 3.1%)		Other
(111 - 28.8%)	Post-Christmas (January)	(47 - 12.2%)	Not Applicable	

TOTAL NUMBER ANSWERING QUESTIONS - 386

DID NOT ANSWER QUESTION - 74

(18) Do you favor New York State enacting a permanent sales tax exemption for clothing and footwear?

(380 - 92.7%)	Yes	(30 - 7.3%)	No
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TOTAL NUMBER ANSWERING QUESTIONS - 410

DID NOT ANSWER QUESTION - 50



Appendix D: References

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Appendix E: Technical Services Bureau Memorandum 96(15)S - Discussion of Rules for the Exemption Week



One-Week Sales and Use Tax Exemption on Clothing and Footwear

The Tax Law has been amended to provide an exemption from New York State's (4%) sales and use taxes for certain clothing and footwear. The exemption also applies to the ¼% tax imposed by the state in the Metropolitan Commuter Transportation District. This district consists of the city of New York and the counties of Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk and Westchester. **The exemption will apply from January 18, 1997 through January 24, 1997.** The exemption does not apply to any locally imposed sales and use taxes unless the county or city imposing those taxes elects to provide for it.

The exemption applies to most clothing and footwear, provided the item is to be worn by human beings. It also applies to most fabric, thread, yarn, buttons, snaps, hooks, zippers and like items used or consumed in making or repairing exempt clothing, provided the item becomes a physical component part of this clothing. Alterations to exempt clothing are likewise exempt during the one-week exemption period.

The exemption applies to items of clothing and footwear worn on the body. However, not all items worn on the body are clothing and footwear. Jewelry, watches, etc., remain taxable though worn on the body. Equipment items, such as tool belts, hard hats, bicycle, ski, and motorcycle helmets, though worn on the body, are not exempt from tax. Goggles for skiing and swimming, cleated and spiked shoes, hockey, baseball and lacrosse masks, baseball gloves, fireplace mittens, and similar pieces of equipment (sporting or otherwise) remain subject to tax. Antique clothing is exempt provided the clothing is purchased for human wear, and not as collector items. Antique **doll** clothes are not exempt, and all purchases of doll clothes are taxable.

Where exempt clothing and footwear are sold together as a single unit along with taxable merchandise, the full price is subject to sales tax unless the price of the clothing and footwear are separately stated. For example, a store has a boxed gift set for sale that has a French-cuffed dress shirt, cufflinks and a tie tack. The gift set is sold for a single price of \$50.00. Although the shirt would otherwise be exempt during the one-week exemption period, the full price of the boxed gift set would be taxable because the cufflinks and tie tack are taxable and the selling price of the shirt is not separately stated.

The following additional limitations apply to this exemption.

- The article of clothing or footwear (per pair) must be sold for less than \$500. This \$500 limitation also applies to each item of fabric, thread, yarn, buttons, etc., used to make or repair clothing. Any charge by the vendor for alterations must be included when determining whether the \$500 limitation has been met.
- Costumes and rented formal wear are not eligible for exemption. Nor does the exemption apply to fabric, thread, yarn, buttons etc., used to make or repair costumes or rented formal wear.

Items of fabric, thread, yarn, buttons, etc., used to make or repair otherwise exempt clothing are not eligible for exemption if the item used is made from real or imitation pearls, or from real or imitation precious or semiprecious stones, jewels or metals.

- Most accessories (handbags, handkerchiefs, umbrellas, watches and watchbands, etc.) are not considered clothing and are taxable. However, belt buckles, cloth headbands, head scarves and neckwear such as scarves and ties are exempt.
- Fabric, thread, yarn, buttons, etc., used to make or repair products other than wearing apparel (doll clothes, afghans, draperies, pillows, etc.) are taxable.
- Monogramming of clothing prior to its sale is eligible for exemption where the monogramming is sold as part of the article. However, if monogramming is done separately by a vendor for a separate charge, the charge for this service is not eligible for exemption. Monogramming includes application of decals, logos and like items (pictures, letters, etc.) by sewing, printing, imprinting, silk screening etc.

Special Rules That Apply During The One-Week Exemption Period

The following special rules are to be used **ONLY** for purposes of determining whether a sale of eligible clothing or footwear qualifies for the exemption during the week of January 18, 1997 through January 24, 1997.

Delivery, Shipping and Handling Charges (Delivery)

Reasonable charges by the vendor for delivery of eligible clothing and footwear items are not taken into account in determining if an item meets the \$500 limitation. For example, if an article of clothing sells for \$495 and the vendor charges \$10 for delivery, the clothing will qualify for exemption. However, delivery charges by the vendor for items costing \$500 or more remain subject to tax.

Mail and Telephone Orders

The exemption will apply to all eligible clothing and footwear items ordered by mail or by telephone if the orders are accepted by the vendor during the week of the exemption. An order is accepted by the vendor when the vendor has taken an action to fill the order. Actions to fill an order include placing an "in-date" stamp on a mail order and assigning an "order number" to a telephone order. As long as the vendor accepts the customer's order during the one-week exemption period, the exemption will apply even though delivery might not be made during the exemption period.

This special rule will also apply to orders for eligible clothing and footwear items using the INTERNET, E-Mail and computer bulletin boards.

Layaway Sales

A layaway sale is a sale in which merchandise is set aside for future delivery to a customer who makes a deposit and agrees to pay the balance of the purchase price over a period of time before the merchandise is delivered.

The sales price of the merchandise includes any additional charges a vendor makes for putting the merchandise on layaway. These charges must be added to the ticket price of the clothing or footwear item for purposes of determining if the cost of the item is less than \$500.00.

If a vendor and a customer enter into a contract for a layaway sale of eligible clothing or footwear during the one-week exemption period, the exemption will apply as long as the customer makes a deposit of 10% and the merchandise is segregated from other inventory.

Custom and Special Orders

Eligible clothing and footwear items that are custom ordered or special ordered during the one-week exemption period will qualify for the exemption, even though the item is delivered after the exemption period. In order to qualify for the exemption, the vendor and the customer must enter into a contract during the exemption week to have the custom or special order made for the customer.

Rain Checks

The exemption will not apply to clothing or footwear purchased after January 24, 1997 even though the purchaser uses a "rain check" that was issued during the week of January 18, 1997 through January 24, 1997.

Exchanges

Where a customer purchases eligible clothing or footwear during the one-week exemption period and returns the item after January 24, 1997 for an exchange, there will be no additional tax as long as the item is exchanged for a like item, a shirt for a shirt, etc. Where a customer returns the item and receives a credit or is allowed to purchase a different item, the appropriate sales tax will apply to the sale of the newly-purchased item. For example, if a customer buys a shirt during the exemption period and exchanges it the following month for a pair of boots, tax is due on the full price of the boots.

Coupons

Where a customer uses a manufacturer's coupon to pay for eligible clothing or footwear, the value of the coupon does not reduce the selling price for purposes of determining if the item is sold for less than \$500. Where a customer pays for eligible clothing or footwear using a store coupon, for which the store receives no reimbursement, the store coupon does reduce the selling price for purposes of determining if the item is sold for less than \$500.

Special Reporting Requirements For One-Week Exemption Items

Vendors who make sales of eligible clothing and footwear during the one-week exemption period must file a new form, *Schedule H*, to report those sales. Schedule H contains lines to report sales of clothing and footwear made during the one-week exemption period (January 18 - January 24) for each locality (county and city) imposing taxes in the state. All sales of eligible clothing and footwear during that week must be separately reported for the locality in which the sales were made. That is, sales of eligible clothing and footwear must be reported, by locality, whether they are subject to local tax (because a city or county did not exercise the option to enact the exemption) or are totally exempt from state and local tax.

Schedule H will be supplied to all quarterly filers of forms ST-100, ST-102 (quarterly) and ST-810 with their returns for the quarterly period December 1, 1996 - February 28, 1997. This schedule should be completed and filed along with their quarterly report. Annual filers will receive Schedule H with the ST-101 and ST-102 (annual) for the period June 1, 1996 - May 31, 1997. Sales of eligible clothing and footwear in the week of January 18 - January 24, 1997 should be reported on this schedule. The schedule must be returned with these annual returns.

The pages that follow contain a list which indicates whether an item qualifies for the one-week sales and use tax exemption on clothing and footwear.

T = Taxable
E = Exempt

TSB-M-96(15)S
 Sales Tax
 November 15,
ITEM

T/E	ITEM	T/E	ITEM	T/E	ITEM
	Accessories	E	Arch supports*	T	Bowling shoes
T	barrettes	E	Arm warmers	E	Bridal gowns and veils (unless rented)
E	belt buckles	E	Athletic socks	E	Camp clothes
T	bobby pins	E	Athletic supporters	E	Caps
T	elastic ponytail holders	E	Baby diapers	E	Chef uniforms
T	hairbows	E	Bandannas	T	Children's costumes
T	hairclips	E	Baseball hats	E	Clerical vestments
T	handbags	T	Baseball and hockey gloves	E	Coats and wraps
T	handkerchiefs	E	Baseball uniforms	T	Corsages and boutonnieres
E	head scarves	E	Bathing caps	E	Corset laces
T	headbands (plastic)	E	Bathing suits	T	Costumes - Halloween, Christmas, etc.
T	jewelry	E	Beach capes and coats	E	Coveralls
T	key cases	E	Belts/suspenders	T	Crib blankets
E	scarves for headwear / neckwear	E	Bibs (baby)	E	Dress shields
T	shower caps	T	Bicycle shoes (cleated)	E	Dresses
T	wallets	E	Blouses	E	Ear muffs
T	watch bands	T	Boots (generally)	E	Employee uniforms
T	watches	T	climbing	E	Football uniforms (clothing- not including shoulder pads)
E	Adult diapers*	E	fishing	E	Formal clothing (unless rented)
E	Aerobic clothing	E	hiking	E	Foul weather clothing
T	Afghans	E	overshoes/galoshes	E	Fur clothing
E	Antique clothing (but see page 1 for exception)	T	riding	E	Garters/garter belts
E	Aprons (household and shop)	T	ski		
		T	waders		
		E	Bowling shirts		

T = Taxable
E = Exempt

TSB-M-96(15)S
 Sales Tax
 November 15,
ITEM

T/E	ITEM	T/E	ITEM	T/E	ITEM
E	Girdles	E	Hosiery (pantyhose and peds)	E	Rain suits
E	Gloves (generally)	T	Ice skates	E	Rain wear
T	batting	E	Insoles	E	Receiving blankets
T	bicycle gloves	E	Jeans	E	Religious clothing
E	dress (unless rented)	E	Jogging suits	E	Rented uniforms (unless formal wear/costume)
E	garden	E	Lab coats	E	Repairing of wearing apparel
T	golf	E	Leg warmers	E	Riding pants
E	leather	E	Leotards/tights	E	Robes
T	rubber	T	Life vests	T	Roller blades
E	ski gloves	E	Lingerie	T	Roller skates (boot and screw-on)
T	surgical	T	Lobster bibs	T	Safety clothing (normally worn in hazardous occupations)
T	tennis	E	Martial arts attire	T	Safety glasses (non-prescription)
E	work	E	Formal wear (men's/women's - unless rented)	E	Scout uniforms
T	Goggles (except prescription)*	E	Neckwear/ties	E	Shawls/wraps
E	Golf dresses	E	Nylons	E	Shin guards and padding
E	Golf jackets	E	Painter pants	E	Shirts
E	Golf shirts	T	Party costumes	E	Shirts (hooded)
E	Golf skirts	T	Personal flotation devices	E	Shoe inserts
T	Golf purse	T	Ponchos	E	Shoe laces
T	Graduation caps and gowns	E	Pot holders	E	Shoes (generally)
E	Gym suits	E	Prom dress (unless rented)	E	ballet
E	Hand muffs	E	Protective aprons		
T	Handbags/purses	E	Protective masks (athletic)		
E	Hats	T	Rain jackets		
T	Helmets	E			

T = Taxable
E = Exempt

TSB-M-96(15)S
 Sales Tax
 November 15,
ITEM

T/E	ITEM	T/E	ITEM	T/E	ITEM
T	bicycle	E	Ski jackets	E	Uniforms (police, fire, nurses, mechanics, postal)
E	boat	E	Ski masks	T	Water ski vests
T	bowling	E	Ski suits (one-piece)	T	Wet and dry suits
T	cleated	E	Ski sweaters	T	Wigs
E	flip-flops (rubber thongs)	E	Ski warm-up pants	E	Work clothes
T	football	E	Sleepwear - (nightgowns/pajamas)	E	Work uniforms
T	golf	E	Slippers	E	Yard goods (cloth and material to make clothing)
T	jazz/dance	E	Soccer socks	E	Yard goods, yarn and sewing (generally)
E	jellies	E	Socks	T	basting thread
E	rubber	E	Sports helmets	E	bra and slip repair
E	running (without cleats)	T	Sports uniforms	E	buttons
E	safety (suitable for everyday use)	E	Sunglasses (except prescription)*	E	elastic
E	sandals	T	Support hosiery	E	fabric adhesives/glue
E	sneaker and tennis	E	Suspenders	E	fabric paint
T	soccer (cleated)	E	Sweat suits	E	fabrics
T	tap dance	E	Tennis (dresses, hats, shorts, skirts, sneakers, shoes)		Yard goods, yarn and sewing accessories
T	track and cleats	E	Ties (men's/women's)	E	knitting yarns
E	wading/water sport	E	Tights	E	lace
T	Shooting glasses	E	Tuxedo (unless rented)	E	patches: cloth, denim, embroidered, iron- on, leather, etc.
E	Shoulder pads (for dresses, jackets, etc.)	T	Umbrellas		
T	Shoulder pads (football, hockey, etc.)	E	Underclothes		
T	Shower caps			T/E	ITEM

T = Taxable
E = Exempt

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T/E	ITEM	T/E	ITEM	T/E
E	ribbons			
E	seam binding and bias tape			
E	thread			
E	zippers			
T	yard goods, yarns and sewing accessories (not an integral part of clothing)			
T	chalk			
T	fabrics and yarns (used to make items other than apparel, such as rugs, pillows, etc.)			
T	instruction books			
T	knitting needles			
T	measuring tapes			
T	needles			
T	patterns			
T	scissors			
T	straight pins			
T	thimble			

Items with an asterisk (*) e.g., adult diapers and arch supports, etc., are included in the list of taxable and exempt items. These items are **not** to be reported on Schedule H. They are currently exempt and will remain exempt after the one-week exemption period for certain clothing and footwear items. See Publication 882, *Taxable Status of Medical Equipment and Supplies*.

Appendix F: Technical Services Bureau Memorandum 96(15.1)S - Local Option for Temporary Clothing Exemption



New York State Department of Taxation and Finance
Taxpayer Services Division
Technical Services Bureau

TSB-M-96(15.1)S
 Sales Tax
 December 11, 1996

One-Week Sales and Use Tax Exemption on Clothing and Footwear
(Exemption Within Cities and Counties)

There is an exemption from sales and use taxes for eligible clothing and footwear during the week of January 18, 1997 through January 24, 1997. (For a detailed explanation of the exemption see TSB-M-96(15)S.)

The exemption applies to the State 4% sales and use taxes and the ¼% tax imposed in the Metropolitan Commuter Transportation District (MCTD). The exemption also applies to many, but not all, locally imposed sales and use taxes.

Cities and Counties Where Local Tax Applies

In the following localities clothing and footwear remain subject to tax at the rates indicated.

<u>Locality</u>	<u>Rate During One-Week Exemption Period</u>
Auburn (city of)-(located in Cayuga County)	4 %
Canandaigua (city of)-(located in Ontario County)	1 % 1/2
Cayuga County (outside city of Auburn)	4 %
Erie County	4 %
Franklin County	3 %
Fulton (city of)-(located in Oswego County)	3 %
Geneva (city of)-(located in Ontario County)	1 % 1/2
Jefferson County	3 %
Johnstown (city of)-(located in Fulton County)	1½ %
Livingston County	3 %
Oneida County (outside cities of Rome*, Sherrill and Utica)	4 %
Onondaga County	3 %
Rome*	2½ %
Sherrill (city of)-(located in Oneida County)	4 %
Utica (city of)-(located in Oneida County)	4 %

***Note:** The City of Rome (located in Oneida County) exempted its local tax within the city during the one-week exemption period. However, 2½% Oneida County tax imposed within the city still applies on sales within the city during the exemption period.

Cities and Counties Where No Tax Applies

Following is a list of localities in the State where the one-week clothing and footwear exemption applies to the State (including the MCTD) and all local sales and use taxes.

Albany County
Allegany County
**Batavia (city of) - located in
Genesee County**
Broome County
**Cattaraugus County
(including cities of Olean
and Salamanca)**
Chautauqua County
Chemung County
**Chenango County (including
city of Norwich)**
Clinton County
Columbia County
**Corning (city of) - located in
Steuben County**
Cortland County
Delaware County
Dutchess County
Essex County
**Fulton County (outside city
of Johnstown)**
**Genesee County (including
city of Batavia)**
**Glens Falls (city of) - located
in Warren County**
**Gloversville (city of) -
located in Fulton County**
Greene County
Hamilton County
Herkimer County
**Hornell (city of) - located in
Steuben County**
**Ithaca (city of) - located in
Tompkins County**
Lewis County
**Madison County (including
city of Oneida)**

Monroe County
Montgomery County
**Mount Vernon (city of) -
located in Westchester
County**
Nassau County
**New Rochelle (city of) -
located in Westchester
County**
**New York City - includes
counties of Bronx, Kings
(Brooklyn), New York
(Manhattan), Queens and
Richmond (Staten Island)**
Niagara County
**Norwich (city of) - located in
Chenango County**
**Ogdensburg (city of) -
located in St. Lawrence
County**
**Olean (city of) - located in
Cattaraugus County**
**Oneida (city of) - located in
Madison County**
**Ontario County (outside
cities of Canandaigua and
Geneva)**
Orange County
Orleans County
**Oswego (city of) - located in
Oswego County**
**Oswego County (outside city
of Fulton)**
Otsego County
Putnam County
Rensselaer County
Rockland County

**St. Lawrence County
(including city of
Ogdensburg)**
**Salamanca (city of) - located
in Cattaraugus County**
Saratoga County
Schenectady County
Schoharie County
Schuyler County
Seneca County
**Steuben County (including
cities of Corning and
Hornell)**
Suffolk County
Sullivan County
Tioga County
**Tompkins County (including
city of Ithaca)**
Ulster County
**Warren County (including
city of Glens Falls)**
Washington County
Wayne County
**Westchester County
(including cities of Mount
Vernon, New Rochelle,
White Plains and Yonkers)**
**White Plains (city of) -
located in Westchester
County**
Wyoming County
Yates County
**Yonkers (city of) - located in
Westchester County**

Appendix G: Legislative Mandate for Study as Contained in Chapter 309 of the Laws of 1996

On or before November 1, 1997 the commissioner of taxation and finance shall submit to the governor, the temporary president of the senate, the speaker of the assembly, the minority leaders of the senate and of the assembly, the chairman and the ranking minority member of the senate finance committee, and chairman and ranking minority member of the assembly ways and means committee a written report which describes and evaluates the impact of the sales and compensating use tax exemption for certain clothing beginning January 18, 1997 and ending January 24, 1997. The department of taxation and finance shall provide such data and supporting documentation as are available regarding the imposition of sales and use tax on clothing in New York state and the exemption provided in sections two hundred seventeen through two hundred twenty-three of this act. Based on this experience, the commissioner of taxation and finance shall give consideration to such factors as economic competition, the effect of an exemption on cross-border shopping and mail order shopping for clothing, and concerns of vendors and the department of taxation and finance in the administration of the tax.