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Summary of 1995-96 Tax Provisions

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Fiscal Year 1995-96 Tax Actions

Legislation enacted with the 1995-96 budget contains a significant number of tax reductions aimed at increasing New York State's competitiveness and reducing tax burdens on individuals and businesses. When fully implemented, in combination with previously legislated tax cuts, these changes will save individuals and businesses a total of **\$5.7 billion** a year.

Personal Income Tax

The centerpiece of the tax changes accompanying the fiscal 1995-96 budget is a multi-year reduction in personal income taxes. By 1997, the income tax reduction program will reduce New York income taxes by \$3.8 billion. The adopted changes, which significantly expand the remaining phases of the State's 1987 tax reduction program, include:

- ◆ Reducing the top tax rate, from 7.875 percent in 1994 to 6.85 percent.
- ◆ Raising the standard deduction as currently scheduled from \$9,500 to \$13,000 for married couples and from \$6,000 to \$7,500 for individuals.
- ◆ Expanding the income threshold where the top rate becomes effective from \$26,000 to \$40,000 for married filers.
- ◆ Retaining the household credit and creating a new excess deductions credit for 1995 to offset potential tax increases that the enacted tax rate schedule could cause for low and middle income taxpayers.

Further Tax Reductions

In addition to the personal income tax cut, the budget features tax provisions that have the following effects:

- ◆ Reducing the alcoholic beverage tax on beer by 5 cents per gallon.
- ◆ Cutting the container tax in half from 2 cents per container to one penny.
- ◆ Enacting a new estate tax deduction equal to a maximum of \$250,000 of the equity in the decedent's principal residence.
- ◆ Reducing the diesel motor fuel excise tax from 10 cents to 8 cents per gallon.

- ◆ Providing an up-front exemption from the petroleum business tax for sales of heating fuel to not-for-profit organizations.
- ◆ Reducing the petroleum business tax on aviation fuels to 5.2 cents per gallon (before surcharge). The monthly minimum petroleum business tax is reduced from \$25 to \$2, and aviation businesses that are not airlines may file annually rather than monthly.
- ◆ Providing an up-front exemption from the motor fuel excise tax for retail sales of aviation gasoline.
- ◆ Extending the qualifying periods for the real property transfer gains tax builders' exemption.
- ◆ Reducing pari-mutuel tax rates for NYRA races and extending provisions for simulcasting.

Extenders

The temporary Metropolitan Commuter Transportation District business tax surcharge is extended for two years. Certain provisions of the bank tax also are extended for two years.

Other Significant Provisions

Aside from tax reductions, the most significant State tax law change enacted with the budget is the restructuring of New York's franchise and excise taxes on telecommunications to conclude the litigation between the State and interstate telecommunications providers. Other significant provisions include:

- ◆ Freezing the S corporation entity tax at the difference between the corporate franchise tax rate and 7.875 percent.
- ◆ Decreasing the tax liability threshold for sales tax vendors filing by electronic funds transfer from \$4 million to \$1 million annually.
- ◆ Enacting a sales tax prepayment system for sales of cigarettes to enhance compliance.

Continued Support and Expansion of 1994-95 Tax Reductions

The 1995-96 budget allows for continuation of the major tax reductions enacted last year. Moreover, as part of the budget, the Governor enhanced many of last year's tax reductions. The major highlights of the 1994-95 reductions continued as elements of the Governor's multi-year tax reduction are listed below.

Business Tax cuts

The phaseout and elimination of the "temporary" corporate tax surcharge, first imposed in 1990, is the most significant business tax reduction contained in last year's budget and continued in the 1995-96 tax reduction program. The surcharge rate had been set at 15 percent from 1990 to 1994. As Table I shows, it is scheduled to be gradually reduced each year from 1994 until it is phased out completely in 1997. The surcharge elimination was the largest business tax reduction measure enacted last year, accounting for approximately three-quarters of the more than \$1 billion in business tax relief.

Table I
Corporate Tax Surcharge Rates¹

<u>Tax Years</u>	<u>Rate</u>
Tax Years Ending After 5/30/90 and Before 7/1/94	15.0%
Tax Years Ending After 6/30/94 and Before 7/1/95	12.5%
Tax Years Ending After 6/30/95 and Before 7/1/96	7.5%
Tax Years Ending After 6/30/96 and Before 7/1/97	2.5%
Tax Years Ending After 6/30/97	0.0%

¹The surcharge applicable to the Petroleum Business Tax is phased out at a different schedule as follows: June 1, 1990 to May 31, 1994 - 15%; June 1, 1994 to May 31, 1995 - 12.5%; June 1, 1995 to May 31, 1996 - 7.5%; June 1, 1996 to May 31, 1997 - 2.5%; June 1, 1997 and thereafter - 0%.

Other business tax reductions included reducing the Alternative Minimum Tax (AMT) rate to 3.5 percent; allowing net operating losses (NOL's) against the alternative minimum tax (AMT); allowing double weighting of receipts in calculating the AMT business allocation percentage; allowance of a new wage credit for businesses operating in eligible areas; changes in depreciation rules; extension of the carryover of unused Investment Tax Credits (ITC's) from seven to ten years; reforms with respect to IRC § 936 corporations and a change in the S corporation surcharge calculation to reduce the surcharge amount.

Other Tax Reductions

The 1995-96 budget also significantly expanded the tax benefits begun last year with respect to the Estate Tax and the Petroleum Business Tax. The 1995-96 budget contains further reductions in these taxes (for more details on these two specific changes see pages 5 and 8 respectively).

Multi-year Revenue Impacts of Tax Actions

The multi-year revenue impact of the tax reductions enacted in the past two fiscal years is shown in Tables II through IV.

The remainder of this report provides more detail on these and other tax actions.

Table II
New York State Tax Reduction Program
Enacted in FY 1994-95
(\$ in Millions)

	<u>1995-96</u>	<u>1996-97</u>	<u>1997-98</u>
Personal Income Tax	116.0	186.0	279.0
User Taxes and Fees	126.9	144.2	143.0
Sales and Use Taxes (Inc. LGAC)	20.0	20.0	20.0
Cigarette and Tobacco Taxes	0.0	0.0	0.0
Motor Fuel Tax (Inc. HUT)	20.3	36.6	34.4
Motor Vehicle Fees	0.0	0.0	0.0
Alcoholic Beverage Taxes	1.6	1.6	1.8
Hotel/Motel Tax	85.0	86.0	87.0
ABC License Fees	0.0	0.0	0.0
Container Tax	0.0	0.0	0.0
Auto Rental Tax	0.0	0.0	0.0
Business Taxes	699.4	1,035.3	1,185.5
Corporation Franchise Tax	352.0	498.0	566.0
Corp. & Utilities Tax	125.0	205.0	239.0
Insurance Taxes	46.0	72.0	82.0
Bank Tax	45.0	74.0	84.0
Petroleum Business Taxes	131.4	186.3	214.9
Other Taxes	38.5	38.5	38.5
Estate Taxes	15.0	15.0	15.0
Gift Taxes	0.0	0.0	0.0
Real Property Gains Tax	20.0	20.0	20.0
Real Estate Transfer Tax	0.0	0.0	0.0
Pari-mutuel Taxes	3.5	3.5	3.5
Other Taxes	0.0	0.0	0.0
TAXES SUBTOTAL	980.8	1,404.0	1,646.0

Table III
New York State Tax Reduction Program
Enacted in FY 1995-96
(\$ in Millions)

1995-96 1996-97 1997-95

Personal Income Tax	515.0	2,230.0	3,910.0
User Taxes and Fees	13.0	58.0	60.0
Sales and Use Taxes (Inc. LGAC)	0.0	0.0	0.0
Cigarette and Tobacco Taxes	0.0	0.0	0.0
Motor Fuel Tax (Inc. HUT)	5.0	17.0	18.0
Motor Vehicle Fees	0.0	0.0	0.0
Alcoholic Beverage Taxes	2.0	16.0	18.0
Hotel/Motel Tax	0.0	0.0	0.0
ABC License Fees	0.0	0.0	0.0
Container Tax	6.0	26.0	26.9
Auto Rental Tax	0.0	0.0	0.0
Business Taxes	17.0	26.5	26.9
Corporation Franchise Tax	0.0	0.0	0.0
Corp. & Utilities Tax	0.0	0.0	0.0
Insurance Taxes	0.0	0.0	0.0
Bank Tax	0.0	0.0	0.0
Petroleum Business Taxes	17.0	26.5	26.9
Other Taxes	30.0	80.0	83.0
Estate Taxes	12.0	60.0	60.0
Gift Taxes	0.0	0.0	0.0
Real Property Gains Tax	0.0	0.0	3.0
Real Estate Transfer Tax	0.0	0.0	0.0
Pari-mutuel Taxes	16.0	20.0	20.0
Other Taxes	0.0	0.0	0.0
TAXES SUBTOTAL	575.0	2,394.5	4,079.9

Table IV
New York State Tax Reduction Program
Impact of Total Program
(\$ in Millions)

	<u>1995-96</u>	<u>1996-97</u>	<u>1997-98</u>
Personal Income Tax II	631.0	2,416.0	4,189.0
User Taxes and Fees	139.9	203.2	203.0
Sales and Use Taxes (Inc. LGAC)	20.0	20.0	20.0
Cigarette and Tobacco Taxes	0.0	0.0	0.0
Motor Fuel Tax (Inc. HUT)	25.3	53.6	52.4

Motor Vehicle Fees	0.0	0.0	0.0
Alcoholic Beverage Taxes	3.6	17.6	17.6
Hotel/Motel Tax	85.0	86.0	87.0
ABC License Fees	0.0	0.0	0.0
Container Tax	6.0	26.0	26.0
Auto Rental Tax	0.0	0.0	0.0
Business Taxes	716.4	1,061.8	1,212.4
Corporation Franchise Tax	352.0	498.0	566.0
Corp. & Utilities Tax	125.0	205.0	239.0
Insurance Taxes	46.0	72.0	82.0
Bank Tax	45.0	74.0	84.0
Petroleum Business Taxes	148.4	212.8	241.4
Other Taxes	68.5	118.5	121.5
Estate Taxes	27.0	75.0	75.0
Gift Taxes	0.0	0.0	0.0
Real Property Gains Tax	20.0	20.0	23.0
Real Estate Transfer Tax	0.0	0.0	0.0
Pari-mutuel Taxes	21.5	23.5	23.5
Other Taxes	0.0	0.0	0.0
TAXES SUBTOTAL	1,555.8	3,799.5	5,725.9

1/ Figures reflect cash impact on a fiscal year basis. The personal income tax cut enacted as part of 1995-96 budget will save taxpayers \$3.8 billion during the 1997 liability year, including more than \$200 million in earned income credit payments.

Summary of Provisions

Personal Income Tax

1. Tax Rates

A. Tax Year 1995

The budget legislation finally implements scheduled reductions that had been postponed since 1990. As a result, the top rate will fall from 7.575 percent to 7.59375 percent. Also, the number of brackets below the top rate will decrease from four to three.

B. Tax Years 1996 and 1997

The legislation modifies the previously scheduled tax reductions in 1996 and 1997. The top rate in 1996 will fall to 7.125 percent, but new tax brackets and rates (other than the top rate) will apply. For 1997, the top rate will fall to 6.85 percent and tax brackets will be stretched.

Table V shows the tax rate schedules for the 1995-1997 tax years.

**Table V
Tax Rates**

<u>Filing Status</u>	<u>Taxable Income Bracket (\$)</u>	<u>Tax</u>
Married Joint		
1995	0-13,000	- 4.55%
	> 13,000 - 19,000	\$ 592 + 5.550% of amount over \$13,000
	> 19,000 - 25,000	\$ 925 + 6.550% of amount over \$19,000
	Over 25,000	\$1,318 + 7.59375% of amount over \$25,000
1996	0-11,000	- 4.000%
	> 11,000 - 16,000	\$ 440 + 5.000% of amount over \$11,000
	> 16,000 - 22,000	\$ 690 + 6.000% of amount over \$18,000
	> 22,000 - 26,000	\$1,050 + 7.000% of amount over \$22,000
	Over 26,000	\$1,330 + 7.125% of amount over \$26,000

<u>Filing Status</u>	<u>Taxable Income</u>	<u>Tax</u>	
<u>Bracket (\$~</u> 1997andAfter	0-16,000	- 4.00%	
	~ 16,000-22,000	\$ 640 + 4.50%	of amount over \$16,000
	22,000-26,000	\$ 910 + 5.25%	of amount over \$22,000
	> 26,000 - 40,000	\$1,120 + 5.90%	of amount over \$26,000
	Over 40,000	\$1,946 + 6.85%	of amount over \$40,000

Head of Household

1995	0- 9,000	- 4.550%	
	> 9,000 - 14,000	\$ 410 + 5.550%	of amount over \$ 9,000
	> 14,000 - 19,000	\$ 687 + 6.550%	of amount over \$14,000
	Over 19,000	\$1,015 + 7.59375%	of amount over \$19,000
1996	0- 7,500	- 4.000%	
	> 7,500 - 11,000	\$ 300 + 5.000%	of amount over \$ 7,500
	11,000 - 15,000	\$ 475 + 6.000%	of amount over \$11,000
	~ 15,000-17,000	\$ 715 + 7.000%	of amount over \$15,000
	Over 17,000	\$ 855 + 7.125%	of amount over \$17,000
1997 and After	0-11,000	- 4.00%	
	> 11,000-15,000	\$ 440 + 4.50%	of amount over \$11,000
	> 15,000 - 17,000	\$ 620 + 5.25%	of amount over \$15,000
	> 17,000 - 30,000	\$ 725 + 5.90%	of amount over \$17,000
	Over 30,000	\$1,492 + 6.85%	of amount over \$30,000

Single and Married Separate

1995	0- 6,500	- 4.550%	
	> 6,500 - 9,500	\$ 296 + 5.550%	of amount over \$ 6,500
	> 9,500 - 12,500	\$ 462 + 6.550%	of amount over \$ 9,500
	Over 12,500	\$ 659 + 7.59375%	of amount over \$12,500
1996	0- 5,500	- 4.000%	
	> 5,500- 8,000	\$ 220 + 5.000%	of amount over \$ 5,500
	> 8,000 - 11,000	\$ 345 + 6.000%	of amount over \$ 8,000
	> 11,000 - 13,000	\$ 525 + 7.000%	of amount over \$11,000
	Over 13,000	\$ 665 + 7.125%	of amount over \$13,000
1997 and After	0- 8,000	- 4.00%	
	> 8,000 - 11,000	\$ 320 + 4.50%	of amount over \$ 8,000
	> 11,000 - 13,000	\$ 455 + 5.25%	of amount over \$11,000
	13,000 - 20,000	\$ 560 + 5.90%	of amount over \$13,000
	Over 20,000	\$ 973 + 6.85%	of amount over \$20,000

2. Standard Deduction

Standard deductions will increase as scheduled under the modified 1987 Tax Reform and Reduction Act (TRARA). Amounts had been frozen at 1989 levels since 1990. The standard deduction increases as shown in Table VI:

Table VI
Standard Deduction Amounts

<u>Filing Status</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
Married Joint	\$9,500	\$10,800	\$12,350	\$13,000
Head of Household	7,000	8,150	10,000	10,500
Single	6,000	6,600	7,400	7,500
Married Separate	4,750	5,400	6,175	6,500
Dependent	2,800	2,800	2,900	3,000

3. Credits

The budget legislation amends the household and earned income credits. It retains the household credit, previously scheduled to phase out by half in 1996 and in full in 1997. However, taxpayers must subtract any household credit used from their earned income credit. Taxpayers who do not use the earned income credit will, therefore, receive the full household credit.

The legislation also creates a new "excess deductions" credit for tax year 1995 only. The credit is designed to offset tax increases that the 1995 rate schedule would cause for certain taxpayers. Taxpayers whose 1995 itemized deductions exceed the statutory 1994 standard deduction amounts (even if they use the standard deduction in 1995) qualify for the credit. The credit decreases as taxable income increases, phasing down to zero, as shown in Table VII:

**Table VII
Phase Out Levels for Excess
Deductions Credit**

Married Joint

<u>Taxable Income</u>	<u>Credit Percent of Taxable Income</u>
Not over \$11,500	0.57%
Over \$11,500 but not over \$17,500	0.51%
Over \$17,500 but not over \$24,100	0.36%
Over \$24,100 but not over \$31,500	0.26%
Over \$31,500 but not over \$35,500	0.16%
Over \$35,500 but not over \$42,000	0.11%
Over \$42,000 but not over \$49,000	0.06%
Over \$49,000	0.00%

Head of Household

<u>Taxable Income</u>	<u>Credit Percent of Taxable Income</u>
Not over \$7,600	0.57%
Over \$ 7,600 but not over \$11,700	0.51%
Over \$11,700 but not over \$16,400	0.36%
Over \$16,400 but not over \$20,500	0.26%
Over \$20,500 but not over \$23,800	0.16%
Over \$23,800 but not over \$28,650	0.11%
Over \$28,650 but not over \$33,400	0.06%
Over \$33,400	0.00%

Single and Married Separate

<u>Taxable Income</u>	<u>Credit Percent of Taxable Income</u>
Not over \$5,600	0.57%
Over \$ 5,600 but not over \$ 8,600	0.51%
Over \$ 8,600 but not over \$12,000	0.36%
Over \$12,000 but not over \$15,700	0.26%
Over \$15,700 but not over \$17,600	0.16%
Over \$17,600 but not over \$21,000	0.11%
Over \$21,000 but not over \$24,500	0.06%
Over \$24,500	0.00%

Estate Tax

The budget legislation enacts a new deduction from New York gross estate (the starting point for computation on the estate tax). It equals a maximum of \$250,000 of equity in the decedent's principal residence. Property used for either the marital or charitable deduction does not qualify for this new deduction. Nonresident estates will qualify for the deduction even if the principal residence is located outside New York. The deduction does not affect the fraction used to allocate tax to New York.

The deduction takes effect for estates of decedents dying after June 7, 1995.

The following table illustrates the impact of the deduction on a \$500,000 New York gross estate, \$250,000 of which consists of a principal residence.

Table VIII
Estate Tax Calculation Example

	<u>Old Law</u>	<u>New Law</u>
Principal Residence	\$250,000	\$250,000
<u>+Other Property</u>	<u>250,000</u>	<u>250,000</u>
Gross Estate	\$500,000	\$500,000
<u>- Deduction for Principal Residence</u>	<u>0</u>	<u>250,000</u>
Taxable Estate	\$500,000	\$250,000
Tentative Tax	20,000	8,000
<u>- Unified Credit</u>	<u>500</u>	<u>500</u>
Tax	\$ 19,500	\$ 7,500
Savings	-	\$ 12,000

Corporate Tax Extenders

Metropolitan Transportation Business Tax Surcharge

The budget extends, for two years, the 17 percent MTA tax surcharge for taxpayers conducting business within the Metropolitan Commuter Transportation District.* The new law affects taxpayers under Articles 9, 9-A, 32 and 33. The surcharge applies through taxable years ending before December 31, 1997. (For gas importers under Article 9, the surcharge has been extended through taxable years ending on or before June 30, 1997.)

A grace period is provided for the imposition of penalties applicable to estimated MTA tax surcharges. The law also provides a grace period for penalties and interest applicable to the estimated MTA tax surcharge imposed on gas importers. Penalties and interest do not apply to estimated MTA tax surcharges if payments are made by September 15, 1995.

2. **Bank Tax**

Bank tax provisions previously scheduled to expire on January 1, 1995 have been extended for two years. These provisions, which originated in the 1985 bank tax reform legislation, and the Business Tax Reform and Rate Reduction Act of 1987, pertain to commercial banks. By extending these provisions, the statute ensures that banks will continue to be taxed in a manner similar to general business corporations. The temporary extension also continues the similar treatment of commercial banks and thrifts, thereby simplifying administration and compliance.

* New York City, Long Island, and Westchester, Rockland, Orange, Putnam and Dutchess Counties.

S Corporations

S corporation Differential Rate

The new law prevents a small business tax increase by fixing the personal income tax rate at 7.875 percent for purposes of calculating the S corporation differential tax rate at the entity level. Under old law, the entity tax rate equaled the difference between the corporate tax rate and the highest income tax rate in effect for the year in question. The frozen income tax rate of 7.875 percent applies to taxable years beginning after 1995. For tax year 1995 only, the personal income tax rate equals 7.59375 percent and the S corporation differential is calculated as the difference between this rate and the top corporate tax. At current corporate franchise tax rates, this provision freezes the S corporation entity tax rates for 1996 and thereafter. This action prevents S corporations from experiencing tax increases due to the scheduled reduction in the top income rate to 6.85 percent by 1997.

The following table illustrates the tax effect of freezing the rate at 7.875 percent and what would have happened if the scheduled reduced PIT rates were in effect.

Table IX
S Corporation Tax Rate Differential New Law Vs. Old Law

<u>Year</u>	<u>New Law</u> <u>S Corporation</u> <u>Differential Rate</u>	<u>Old Law</u> <u>S Corporation</u> <u>Differential Rate</u>
Tax Year 1995 ¹	1.796475	1.79647
Tax Year 1996 ¹	1.153	1.921
Tax Year 1997	1.125	2.15

¹ For tax years 1995 and 1996 the business tax surcharge applies. The surcharge rate equals 7.5 percent for the 1995 tax year and 2.5 percent for the 1996 tax year. The business tax surcharge is eliminated for tax years after

Petroleum Business Tax

1. Aviation Fuels Tax Rate Reduction

The petroleum business tax (PBT) rate on kero-jet fuel and aviation gasoline will fall from 13.87 cents per gallon to 5.59 cents per gallon (5.2 cents per gallon plus the business tax surcharge). The rates will be adjusted annually with other petroleum business tax rates.

For enforcement purposes, the statute will continue to impose the tax on aviation gasoline at the motor fuel rate upon first importation. However, the new law allows distributors to sell aviation gasoline at the reduced tax rate (5.2 cents per gallon plus the surcharge) to registered retail sellers of aviation gasoline. Distributors may then obtain a Credit or refund of the tax rate differential. This provision is effective September 1, 1995.

2. Minimum Tax Reduction For Aviation Fuel Businesses

The minimum tax on aviation fuel businesses is reduced from \$25 per month to \$2 per month as of September 1, 1995.

3. Filing Requirements

The Commissioner may permit nonairline aviation fuel businesses to file on an annual rather than a monthly basis. This provision is effective September 1, 1995. Nonairlines include commuter air carriers that make fewer than 5 round trips per week and business aircraft not engaged in carrying passengers or cargo for hire in air commerce.

4. Exemption for Not-for-profit Organizations and Veterans Groups

A full up-front exemption from the PBT will be provided for residual petroleum product and unenhanced diesel motor fuel sold to or used by certain qualified not-for-profit organizations for their exclusive use and consumption. To qualify for this exemption, the organization cannot use the diesel motor fuel on State highways. The fuel must be delivered to premises occupied by the qualifying not-for-profit organization. In addition, the organization must use the fuel in furtherance of their exempt purposes.

Purchasers of residual petroleum product and diesel motor fuel who absorb the PBT and subsequently sell the petroleum product to not-for-profit organizations can receive reimbursement of the PBT on these sales. These provisions are effective September 1 1995.

Telecommunications Tax

In a 1993 decision, the Appellate Division found that the access charge deduction under Section 186-a of the Tax Law discriminated against interstate and foreign commerce. This decision could have resulted in refunds to interexchange (long distance) companies of over \$100 million attributable to the period July 1, 1990 through December 31, 1993. In addition, the Court-ordered solution would have reduced these companies' taxes by \$34 million a year. The four major interexchange companies agreed to forgo \$54 million in refund claims in exchange for the corrective legislation passed in this budget. The corrective legislation results in approximately the same annual revenue impact as the

Court-ordered solution and contains the following provisions:

1. Section 184 Elimination for Long Distance Companies

The new law provides that the Section 184 additional franchise tax on transportation and transmission corporations and associations applies only to companies that are principally engaged in a local telephone business. Therefore, companies principally engaged in long distance services are excluded from the 0.75 percent tax on gross earnings under Section 184. This provision applies to taxable years beginning on or after January 1, 1995.

In addition, two exclusions are provided to equalize the tax treatment of telecommunications services provided by both local carriers, which remain subject to the Section 184 tax, and long distance carriers. Excluded from Section 184 are receipts from sales for ultimate consumption from (1) interLATA^{**}, interstate, or international services (effective on January 1, 1995), and (2) 30 percent of intraLATA toll services, including interregion regional calling plan services (effective on January 1, 1996).

*American Telephone and Telegraph Company V. New York State Department of Taxation and Finance, Supreme Court Appellate Division, First Department, April 1993.

**A “LATA” is a local access and transport area as established on July 1, 1994, pursuant to the modification of final judgment in U.S. vs. Western Electric Company. InterLATA services consist of telephone calls and other telecommunications services which did not originate and terminate within the same LATA.

2. New Section 186-e Excise Tax on Telecommunications Services

The 3.5 percent excise tax on receipts from telecommunications services is shifted from Section 186-a to a new Section 186-e. The taxation of these receipts is altered by:

- ! Replacing the property factor with the *Goldberg* allocation method to determine New York taxable receipts. Under the *Goldberg* allocation method, receipts from telecommunications services are allocated to New York if the call originates or terminates in this State and is charged to a services address in this State, regardless of where the charges for such services are billed or ultimately paid. The new law also provides for the use of the *Goldberg* method to calculate the MTA surcharge.

- ! Eliminating the “sale for resale” deduction to the ultimate seller (retailer) for services purchased in New York. The deduction is replaced with an exclusion to the initial seller (wholesaler) in cases where the ultimate seller is either an interexchange carrier or a local carrier. Telecommunications companies must include sales for resale to Companies other than an interexchange carrier or a local carrier in their Section 186-e tax base. However, the new law allows a credit to purchasers that resell these services.

! Excluding the prohibition restricting companies from separately stating the tax.

These provisions apply to taxable years beginning on or after January 1,1995.

3. Telecommunications Services Definition

The definition of telecommunications services is clarified to include services provided using any means, such as wire, satellites, fiber-optic, laser, microwave or radiowave.

4. Telecommunications Study

A telecommunications study, led by the Office of Tax Policy Analysis of the Department of Taxation and Finance, will be coordinated to evaluate the effectiveness of these provisions in achieving the goal of improved taxation of telecommunications services in New York State. The legislation also requires the report to recommend tax policies that will modernize the taxation of telecommunications providers. To provide advice to the Department in the preparation of the report, the legislation provides for the appointment of any advisory panel consisting of representatives of various

The *Goldberg* allocation method was approved by the U.S. Supreme Court in *Goldberg V. Sweet*, 488 U.S. 252 (1989).

segments of the telecommunications industry and other experts. A preliminary report is due on September 1, 1996 and a final report is due on December 1, 1996.

Excise Taxes

1. Diesel Motor Fuel Tax Reduction

Effective January 1, 1996, the tax rate on diesel motor fuel will decrease from 6 cents per gallon to 4 cents per gallon. Therefore the combined diesel motor fuel excise tax rate, which includes the additional diesel motor fuel tax and the supplemental diesel tax, will be 8 cents per gallon. This rate reduction equalizes the New York State taxes on diesel fuel and gasoline.

2. Exemption of Retail Sales of Aviation Gasoline

Retail sales of aviation gasoline used by aircraft are exempt from the motor fuel excise tax, effective September 1, 1995. For enforcement purposes, the new law retains the 5 cent per gallon first importation tax on aviation gasoline. The new law allows distributors to sell aviation gasoline tax-free to registered retail sellers of aviation gasoline. The distributor may obtain a credit or refund of the motor fuel excise tax paid on aviation gasoline. Prior to this change, consumers of aviation gasoline purchased the product with the tax included and filed a refund claim for the amount of the tax. This change, combined with the petroleum business tax reduction summarized on page 8, will decrease the pump price of gas in New York by 16 cents per gallon.

3. Motor Fuel Export Credit Requirements

To qualify for the export credit or refund, the new law requires an exporter of motor fuel to register as a licensed distributor in the jurisdiction to which it exports the fuel. The legislation puts the rules set forth in the regulations into law. It closes the loophole created by a recent Tax Appeals Tribunal decision that allowed the credit or refund to an exporter licensed in any state, regardless of whether or not it was the state where it exported the fuel.

4. Beer Tax Rate Reduction

Effective January 1, 1996, the alcoholic beverage tax imposed on the sale of beer by distributors is reduced from 21 cents per gallon to 16 cents per gallon.

5. Container Tax Rate Reduction

The tax on non-refillable beverage containers holding 3.8 liters or 1 gallon or less is reduced from 2 cents per container to 1 cent per container, starting December 1, 1995.

Sales Tax

. Sales Tax Electronic Funds Transfer

The electronic funds transfer (EFT) program is expanded to include businesses whose annual sales and compensating use tax liability exceeds \$1 million. Previously, businesses whose annual sales and compensating use tax liability exceeded \$4 million had to remit part of their sales tax payments by EFT. Businesses required to make EFT payments at the new lower threshold will make their first electronic tax payment three business days after December 22nd, or December 28, 1995.

2. Prepayment of Sales Tax on Cigarettes

Licensed cigarette stamping agents must pre-pay sales tax due on retail cigarette sales, effective September 1, 1995. Agents will make the prepayment when they purchase State excise tax stamps. This measure significantly diminishes opportunities for retailers to underpay sales tax on cigarettes.

Tax on Motor Vehicle Insurance Damage Claim Awards

Article 15 imposes a tax on motor vehicle insurance damage awards. It requires insurance companies to withhold a tax from an insurance damage award. The tax equals the sales and compensating use tax that would accrue if the damage award were spent to repair the motor vehicle. Claimants would receive a credit voucher which they can use toward the repair or replacement of the damaged vehicle. Because of ongoing litigation, the Department never implemented the tax.

The budget legislation moves the implementation of this tax to September 1, 1996. It also includes a requirement to study the rationale for and implementation issues of instituting the Article 15 tax. The Commissioner of Taxation and Finance, the Commissioner of Motor Vehicles and the Superintendent of Insurance, after consultation with the industry and consumer representatives, will jointly submit the study. The study will analyze the cost to the State and private sector of implementing the tax, provide estimates of tax evasion and fraud in the auto repair industry, discuss the anticipated effectiveness of Article 15 in preventing such evasion and fraud, identify alternatives to the Article 15 tax, and make a joint recommendation as to whether implementation of the tax is in the best interest of the State. A preliminary report is due on or before November 15, 1995. A final report is due on or before January 1, 1996.

Real Estate

Gains Tax - Builders' Exemption Extension

This year's budget extends the eligibility period for the "builders' exemption" enacted in the fiscal year 1994-95 budget. The exemption seeks to encourage new construction activity by providing any builder who begins construction before July 1, 1997 (previously January 1, 1996) an exemption equal to "hard" capital improvement costs incurred before July 1, 1999 (previously January 1, 1998). This should eliminate most, if not all, of the gains tax on eligible new construction. The exemption reduces taxable gain when the building is sold or transferred. Qualifying construction costs for substantial renovation or rehabilitation must exceed 25 percent of the original purchase price of buildings acquired prior to 1985 and 15 percent in other cases.

2. Transfer Tax - Accelerated Payments

The budget legislation includes a requirement for certain counties to remit real property transfer tax revenues on a semi-monthly payment schedule. Effective January 1, 1996, if payments remitted during the prior year exceeded \$1.2 million after deduction of statutory fees, monies collected from the 1st to 15th day of a month must be remitted on the 25th day of that month. Revenues received after the 15th day of the month would continue to be remitted on the 10th day of the succeeding month as required under current law. Previously, counties were required to remit real estate transfer taxes to the Department by the 10th day of the succeeding month.

A total of 16 counties are likely to be affected. Based on collections data for 1994-95, these include the five boroughs of New York City as well as Albany, Dutchess, Erie, Monroe, Nassau, Onondaga, Orange, Rockland, Saratoga, Suffolk, and Westchester counties.

Pari-Mutuel Tax and Lottery

1. Rate Reduction

The legislation reduces the pari-mutuel tax rates for the New York Racing Association between July 21, 1995 and July 20, 1998. It also lowers the take-out for regular bets while increasing the take-out for multiple bets. These provisions are effective immediately.

2. Filing Requirements

The new law requires the monthly filing of tax returns and remittance of State taxes for all racing associations and corporations. These provisions are effective immediately.

3. Simulcasting

The legislation extends many simulcasting provisions previously enacted into law. This includes the in-home simulcasting experiment and authorization of winter simulcasting from November through May. The provisions are effective immediately.

4. OTB Surcharge

The legislation permanently extends the 5 percent OTB surcharge on off-track winnings. This provision is effective immediately.

5. Lottery

The legislation authorizes the New York State Division of the Lottery to establish a new game known as "Quick Draw." Quick Draw would be a version of the lottery game "Pick 10." The computer would draw winning numbers throughout the day and display them in establishments of licensed agents throughout the State using television equipment.

The legislation provides that not more than 60 percent of receipts may be paid as prizes (through March 31, 1999) and not less than 25 percent must be deposited into the State lottery fund. If agents hold liquor licenses, at least 25 percent of their gross sales must be from food and their premises must exceed 2,500 square feet (except for commercial bowling establishments and authorized pari-mutuel wagering facilities). The legislation also specifies procedures for Division of the Lottery requests for proposals and requires background checks on vendors of related equipment and services as well as on lottery sales agents and applicants.

SUMMARY OF FY 1995-96 BUDGET BILL TAX PROVISIONS

SECTION	PAGE	SUBJECT	DESCRIPTION	EFFECTIVE DATE
1	2	S corporation entity level differential tax rate (Article 9-A)	Fixes the personal income tax rate at 7.875% for purposes of calculating the S corporation differential tax rate at the entity level. At current corporation rates this provision keeps S corp differential constant for 1996 and after.	Applies to taxable years beginning after 1995. (For the 1995 tax year, the personal income tax rate equals 7.59375%.)
2	2-6	Personal Income Tax (Article 22)	Reduces tax rates between tax years 1995 and 1997. Top rate falls from 7.875% in 1994 to 7.59375% in 1995, 7.125% in 1996, and 6.85% in 1997. A 4% bottom rate is restored beginning in 1996. Also, top rate bracket increases in 1997.	Immediately
3	6	PIT (Article 22)	Technical change relating to excess deductions credit.	Tax Year 1995 Only
4	6	PIT (Article 22)	Retains household credit, which was scheduled to phase out beginning in 1996.	TYBOA 1/1/96
5	6-7	PIT (Article 22)	Requires that earned income credit be reduced by household credit used starting in 1996. Increases earned income credit from 15% to 20% in 1996.	TYBOA 1/1/96
6	7-8	PIT (Article 22)	Creates excess deductions credit. The credit is available to certain taxpayers whose 1995 itemized deductions exceed 1994 standard deduction amounts. Credit is a declining percentage of taxable income, and phases out as income increases (at, e.g., \$49,000 for married couples).	Tax Year 1995 Only
7-9	8-9	PIT (Article 22)	Technical implementation and withholding language.	Immediately
10	9-10	Metropolitan Transportation Business Tax Surcharge (Section 183-a)	Extends, for two years, the MTA tax surcharge on the franchise tax (section 183) for transportation and transmission corporations taxable under Article 9. The surcharge has been extended through taxable years ending before December 31, 1997.	Immediately
11	10-11	Metropolitan Transportation Business Tax Surcharge (Section 184-a)	Extends, for two years, the MTA surcharge on the additional franchise tax (section 184) for transportation and transmission corporations taxable under Article 9. The surcharge has been extended through taxable years ending before December 31, 1997.	Immediately
12	11-12	Metropolitan Transportation Business Tax Surcharge (Section 186-b)	Extends, for two years, the MTA tax surcharge on the franchise tax (section 186) for utilities under Article 9. The surcharge has been extended through taxable years ending before December 31, 1997.	Immediately
13	12	Metropolitan Transportation Business Tax Surcharge (Section 186-c)	Extends, for two years, the MTA tax surcharge on the furnishing of utility services under Article 9 (section 186-a). The surcharge has been extended through taxable years ending before December 31, 1997.	Immediately
14	13	Metropolitan Transportation Business Tax Surcharge (Section 189-a)	Extends, for two years, the MTA tax surcharge on gas importers under Article 9 (section 189). The surcharge has been extended through taxable months ending on or before June 30, 1997.	Immediately
15	13	Metropolitan Transportation Business Tax Surcharge (Article 9-A)	Extends, for two years, the MTA tax surcharge on the franchise tax on general business corporations. The surcharge has been extended through taxable years ending before December 31, 1997.	Immediately

SECTION	PAGE	SUBJECT	DESCRIPTION	EFFECTIVE DATE
16	13-14	Metropolitan Transportation Business Tax Surcharge (Article 32)	Extends, for two years, the MTA tax surcharge on the franchise tax on banks. The surcharge has been extended through taxable years ending before December 31, 1997.	Immediately
17	14-15	Metropolitan Transportation Business Tax Surcharge (Article 33)	Extends, for two years, the MTA tax surcharge on the franchise tax on insurance corporations. The surcharge has been extended through taxable years ending before December 31, 1997.	Immediately
18	15	Underpayment Tax Rate, Penalties and Interest Applicable to Metropolitan Transportation Business Tax Surcharges (Article 27)	Provides a grace period for the imposition of penalties applicable to estimated MTA tax surcharges for transportation and transmission corporations, utilities, utility services, business corporations, banks and insurance companies. Also provides a grace period for penalties and interest applicable to the estimated MTA tax surcharge imposed on gas importers. Penalties and interest do not apply to estimated MTA tax surcharges if payments are made by September 15, 1995.	Immediately
19-20	15-17	Sales Tax -- Electronic Funds Transfer (EFT) (Article 1)	Decreases the threshold for mandatory EFT participation for sales tax vendors from \$4 million to \$1 million annually.	First EFT payment due 12/28/95.
21	17-18	Real Estate Transfer Tax (Article 31)	Requires counties which remitted more than \$1.2 million in net transfer tax revenues in the prior calendar year to remit monies to the State twice a month. Taxes collected on or before the 15th of the month are to be remitted by the 25th day of the same month. Revenues collected after the 15th of the month would continue to be remitted by the 10th day of the succeeding month.	1/1/96
22-23	18-19	Motor Fuel and Sales Tax (Articles 12-A and 28)	Clarifies that an exporter of motor fuel must be registered as a licensed distributor in the jurisdiction to which the fuel is exported in order to qualify for the export credit or refund.	Immediately
24	19	Legislative intent for telecommunications provisions (Article 9)	Provides that the telecommunications provisions are intended to conclude the litigation between the Department and interstate telecommunications providers.	Immediately
25-26	19-20	Franchise Tax and MTA Surcharge (Article 9, Sections 183 and 183-a)	Clarifies exclusion for corporations principally engaged in providing telecommunications services for the purposes of air safety and navigation from the Section 183 franchise tax and associated MTA surcharge.	Immediately
27	21-22	Additional Franchise Tax -- Telecommunications Exclusions (Article 9, Section 184)	Excludes corporations that are not principally engaged in providing a local telephone business from Section 184. Clarifies that corporations principally engaged in providing telecommunications services for the purposes of air safety and navigation are not subject to the Section 184 tax. Excludes (1) 30% of receipts from intra-LATA toll services (eff. January 1, 1996) and (2) 100% of inter-LATA, interstate, or international telecommunications services.	1/1/95, except where noted in description
28	23-24	MTA Surcharge -- Telecommunications (Article 9, Section 184-a)	Clarifies exclusion for corporations principally engaged in providing telecommunications services for the purposes of air safety and navigation from Section 184-a surcharge.	1/1/95
29	24-27	Telecommunications (Article 9, Section 186-a)	Excludes receipts from the sale of telecommunications services from the Section 186-a tax.	1/1/95

SECTION	PAGE	SUBJECT	DESCRIPTION	EFFECTIVE DATE
30	27-28	MTA surcharge -- Telecommunications (Article 9, Section 186-c)	Provides for an MTA surcharge on the excise tax on telecommunications services under new Section 186-e based on the <u>Goldberg</u> allocation method.	1/1/95
31	28-33	Excise Tax on Telecommunications Services (Article 9, Section 186-e)	Recodifies the excise tax on receipts from telecommunications services. Replaces the property factor with the <u>Goldberg</u> allocation method. Shifts sales for resale deduction from interexchange carriers and local carriers who are ultimate sellers to initial sellers. Provides a sale for resale credit to ultimate sellers other than interexchange carriers and local carriers. Does not prohibit companies from separately stating the tax. Clarifies that the definition of telecommunications services includes services provided using any means such as wire, satellite, fiber-optic, laser, microwave or radiowave.	1/1/95
32	33	Credit for Special Additional Mortgage Recording -- Telecommunications (Article 9, Section 187)	Allows a credit for the special additional mortgage recording tax against new Section 186-e.	1/1/95
33	33-35	Business Tax Surcharge -- Telecommunications (Article 9, Section 188)	Provides for the business tax surcharge on new Section 186-e.	Taxable years after 1994
34-35	36	Declaration and Payment of Estimated Tax -- Telecommunications (Article 9, Sections 197a, 197b)	Makes Article 9 provisions regarding declaration and payment of estimated taxes applicable to new Section 186-e.	1/1/95
36	36-27	Deposit of Sections 183 and 184 Tax Revenue -- Telecommunications (Article 9, Section 205)	Alters the percentage of Sections 183 and 184 revenues deposited into the general fund from 60% to 52% starting April 1, 1996.	1/1/95
37	37	Taxes not authorized -- Telecommunications (Article 29, Section 1221)	Conforms to existing Section 186-a rules regarding certain limitation of localities authority to impose gross receipts taxes.	1/1/95
38	37	Real Estate Transfer Tax (Article 31) -- Telecommunications	Includes "provider of telecommunication services" under Section 186-e within the definition of "public utility" regarding joint return rules where the grantee is a public utility.	1/1/95
39-40	37-38	Gains Tax on Certain Transfers (Article 31-B) -- Telecommunications	Includes "provider of telecommunication services" under Section 186-e within the definition of "public utility" for rules regarding a conveyance of easement or license to a public utility.	1/1/95
41	38	Telecommunications provisions -- tax savings pass-through	Adds unconsolidated law provision to state the legislative intent that the tax savings achieved by the telecommunications provisions are to be passed on to and inure to the benefit of ratepayers.	Immediately

SECTION	PAGE	SUBJECT	DESCRIPTION	EFFECTIVE DATE
42	39	Telecommunications study	Mandates a telecommunications study to evaluate the effectiveness of the telecommunications provisions in this budget in achieving the goal of improved taxation and to recommend tax policies to modernize the taxation of telecommunications providers. Creates an advisory panel consisting of representatives of various segments of the industry.	Immediately -- Report due 12/1/96 (preliminary report due 9/1/96)
43	39-40	Severability -- Telecommunications	Severability clause provides direction in case of invalid provisions.	Immediately
44-46	40-41	Bank Tax Extension (Article 32)	Extends certain 1985 and 1987 legislation pertaining to commercial banks until January 1, 1997 for Article 32 and NYC bank taxes.	Immediately
47-49	41-45	Cigarette Sales Tax Prepayment	Impose a prepaid sales tax on cigarettes. Provides that the prepaid tax will be paid at the same time and in the same manner as the cigarette excise tax. Also provides for the distribution of prepaid sales tax revenues.	9/1/95
50-51	46-47	Cigarette Sales Tax Prepayment	Establish a 7% prepaid sales tax rate applied to an initial base price of \$2.00 per pack of 20 cigarettes and provide for annual indexing of the base price.	9/1/95
52-53	47-48	Cigarette Sales Tax Prepayment	Provide for certain exemptions from the prepaid tax.	9/1/95
54	48-49	Cigarette Sales Tax Prepayment	Provides for certain refunds and credits against the prepaid tax that was paid.	9/1/95
55-60	49-58	Cigarette Sales Tax Prepayment	Requires that cigarette agents and wholesalers must certify that they have passed the prepaid tax down the distribution chain. Also establishes certain registration, record keeping and tax return requirements, and provides for determination of tax from owner of business selling cigarettes.	9/1/95
61	58	Cigarette Sales Tax Prepayment	Provides for the joint administration of the prepaid tax and the Article 20 excise tax on cigarettes.	9/1/95
62-66	58-61	Cigarette Sales Tax Prepayment	Establish various penalties related to the prepaid sales tax on cigarettes.	9/1/95
67	61	Cigarette Sales Tax Prepayment	Technical and conforming changes.	9/1/95
68-71	61-62	Cigarette Sales Tax Prepayment	Amends the Criminal Procedure Law regarding the enforcement of the prepaid tax on cigarettes.	9/1/95 (Sections 68 and 70) 10/31/97 (Sections 69 and 71)
72	62-63	Cigarette Sales Tax Prepayment	Establishes a floor tax on agents, wholesalers and distributors (but not retailers). The floor tax rate is computed by multiplying the base retail price of cigarettes (\$2 for a pack of 20 cigarettes) by 7%.	Floor tax due on 9/20/95
73	63-64	Cigarette Sales Tax Prepayment	Severability clause.	Immediately
74	64	Motor Fuel Tax (Article 12-A) -- Definitions	Amends the definition of fixed based operator (FBO) to include FBO's selling aviation gasoline (or both aviation gasoline and kero-jet fuel).	9/1/95
75	64-65	Diesel Motor Fuel Tax (Article 12-A)	Reduces the diesel motor fuel excise tax by 2 cents per gallon. The combined diesel motor fuel excise tax rate is 8 cents per gallon.	1/1/96

SECTION	PAGE	SUBJECT	DESCRIPTION	EFFECTIVE DATE
76	65	Motor Fuel Tax (Article 12-A) -- Information Returns	Adds retail sellers of aviation gasoline to the list of persons required to file monthly information returns.	9/1/95
77	65-66	Motor Fuel Excise Tax (Article 12-A) -- Aviation Gasoline	Exempts retail sales of aviation gasoline from the motor fuel excise tax by allowing distributors of aviation gasoline to sell product free of the motor fuel excise tax to registered retail sellers of aviation gasoline. The distributor may claim a refund of the motor fuel excise tax on fuel sold to registered sellers of aviation gasoline.	9/1/95
78	66-67	Petroleum Business Tax (Article 13-A) -- Not-for-Profit Organizations	Provides an up-front exemption from the Petroleum Business Tax (PBT) on sales of residual and unenhanced diesel motor fuel (i.e., heating oil) products to qualified not-for-profit organizations and veterans groups for the organizations exclusive use.	1/1/96
79-80	67	Petroleum Business Tax (Article 13-A) -- Not-for-Profit Organizations	Provides a reimbursement of the PBT to purchasers who absorb the tax on residual and unenhanced diesel motor fuel product and subsequently sell the fuel to a qualified not-for-profit organization.	1/1/96
81	67-68	Petroleum Business Tax (Article 13-A) -- Aviation Fuel Business	Reduces the monthly minimum tax from \$25 to \$2. The Commissioner may permit aviation fuel businesses that are not airlines to file annually rather than monthly.	9/1/95
82	68	Petroleum Business Tax (Article 13-A) -- Aviation Fuel Business	Provides for a partial credit or refund of the base PBT to: a distributor of motor fuel selling aviation gasoline to a registered retail seller of aviation gasoline; a distributor also registered as a retail seller of aviation gasoline for aviation gasoline delivered to its fixed based operation premises; an airline that is registered as a distributor of motor fuel and imports aviation gasoline; and an aviation fuel business importing fuel in its tank. The net effect, after this partial credit or refund, is to reduce the rate to 5.2 cents per gallon (plus the business tax surcharge).	9/1/95
83	68-69	Petroleum Business Tax (Article 13-A) -- Aviation Fuel Business	Reduces the PBT kero-jet fuel rate to 5.2 cents per gallon (plus the business tax surcharge).	9/1/95
84	69	Petroleum Business Tax (Article 13-A) -- Aviation Fuel Business	Provides for a partial credit or refund of the tax surcharge imposed on aviation gasoline to distributors of motor fuel who have absorbed or paid the tax and sold the aviation gasoline tax-free to a registered retail seller of aviation gasoline. The credit/refund allowed equals the amount of the surcharge imposed on the credit/refund of the basic tax and the supplemental tax.	9/1/95
85	69-70	Petroleum Business Tax (Article 13-A) -- Aviation Fuel Businesses	Eliminates kero-jet fuel from the supplemental PBT.	9/1/95
86-87	70	Petroleum Business Tax (Article 13-A) -- Not-for-Profit Organizations	Renumbers as of September 1, 1995 and then repeals supplemental tax exemption for unenhanced diesel fuel and residual product sold to or used by not-for-profit organizations and veterans groups. As a result, the supplemental tax exemption will be in effect from September 1, 1995 to December 31, 1995.	1/1/96
88	70	Petroleum Business Tax (Article 13-A) -- Aviation Fuel Business	Provides a credit or refund of the supplemental PBT on aviation gasoline to distributors of motor fuel who have absorbed or paid the supplemental PBT on aviation gasoline sold to registered retail sellers of aviation gasoline.	9/1/95

SECTION	PAGE	SUBJECT	DESCRIPTION	EFFECTIVE DATE
89	70	Petroleum Business Tax (Article 13-A) -- Not-for-Profit Organizations	Provides that unenhanced diesel motor fuel and residual petroleum product sold to a qualified not-for-profit organization, and qualifying for the up-front not-for-profit exemption, is not eligible for the commercial gallonage credit.	1/1/96
90	70-71	Petroleum Business Tax (Article 13-A) -- Returns and payment of tax	Clarifies that businesses engaged in transactions involving aviation fuels may be required by the commissioner to file monthly returns containing data specified by him, regardless of whether the business is subject to tax.	9/1/95
91	71-72	Estate Tax (Article 26)	Creates new deduction for up to \$250,000 of equity in decedent's principal residence. Property used for marital or charitable deduction does not qualify.	Estate of decedents dying after the date the legislation becomes law.
92	72	Beverage Container Tax (Article 18-A)	The beverage container tax rate imposed on nonrefillable containers is reduced from 2 cents per container to 1 cent per container.	12/1/95
93	72	Alcoholic Beverage Tax (Article 18)	The alcoholic beverage tax imposed on beer is reduced from 21 cents per gallon to 16 cents per gallon.	1/1/96
94	72	Real Property Gains Tax (Article 31-B)	Extends the builders' exemption enacted in the fiscal year 1994-95 budget to apply to construction begun before July 1, 1997 and "hard" capital improvement costs incurred prior to July 1, 1999.	Immediately
94-a	72-74	New York State Lottery (Article 34)	Not more than 60% of receipts from lottery games introduced after the effective date of the bill (including "Quick Draw"), must be paid into the lottery prize account within one week after the collection of receipts and not less than 25% of receipts into the State lottery fund.	Immediately
94-b	74	New York State Lottery (Article 34)	Authorizes and directs the Division of Criminal Justice and any licensing agencies to assist in the licensing of lottery sales agents by checking fingerprints of applicants and reporting subsequent arrests or convictions.	Immediately
94-c	74-75	New York State Lottery (Article 34)	Permits the Division of the Lottery to temporarily enable licensed lottery agents to offer new lottery games (including "Quick Draw") pending the adoption of rules and regulations.	Immediately
94-d	75	New York State Lottery (Article 34)	Requires the Division of the Lottery to widely distribute new requests for proposals to acquire equipment or services for the "Quick Draw" game.	Immediately
94-e	75-76	New York State Lottery (Article 34)	Requires the Division to conduct criminal background checks on lottery sales agents or applicants to determine if licenses should be granted, suspended, or revoked.	Immediately
94-f	76-77	New York State Lottery (Article 34)	Provides for suspension or revocation of lottery agent licenses after notice and opportunity for a hearing pursuant to the State Administrative Procedure Act.	Immediately

SECTION	PAGE	SUBJECT	DESCRIPTION	EFFECTIVE DATE
94-g	77	New York State Lottery (Article 34)	Requires the Division to include in its annual plan information on the ongoing operation of new games (including "Quick Draw") to include a statewide and county by county breakdown of premises with television equipment, total sales, sales per hour, average and median square footage of agents premises, and an evaluation of the impact of new lottery games on compulsive gambling, in conjunction with the Commissioner of Mental Health.	Immediately
95-99	77-81	Racing & Wagering Law -- Thoroughbred Racing	Tax returns and tax remittance by the last business day of the month. Between July 21, 1995 to July 20, 1998 take-out rates for regular bets reduced while take-out for multiple bets increased. Tax rates reduced at NYRA tracks from June 1, 1995 to July 20, 1998.	Immediately, with sunsets as noted in description.
100	81	Racing & Wagering Law -- Capital Investment Fund	From June 1, 1995 to July 20, 1998 capital improvements may include improvements to the backstretch if they are at least 25% of the value of all planned improvements.	Immediately, with sunset as noted in description.
101-104	81-84	Racing & Wagering Law -- Super Exotic Bets	Authorizes the reduction of the take-out rate on super exotic bets to 25%.	Immediately
105-109	84-86	Racing & Wagering Law -- OTB	From July 21, 1995 to July 20, 1998 the disposition of off-track pools is changed by allowing regional OTBs to retain 15% of regular bets and 20% of multiple wagers on races conducted by NYRA. OTB may retain the same commission on the Breeders' Cup as it does on Triple Crown races. OTB tax returns to be filed by the last business day of the month. OTB commissions to NYRA for purses are increased. The 5% OTB surcharge on off-track winnings is permanently extended.	Immediately, with sunset as noted in description.
110	86-87	Racing & Wagering Law -- Miscellaneous	Authorizes handicapping tournaments.	Immediately
111-127	87-97	Racing & Wagering Law -- Simulcasting	Extends in-home simulcasting experiment until June 1, 1996. Authorizes winter simulcasting from November through May.	Immediately, with sunset as noted in description.
128	97	General Business Law -- Sunday Racing	Authorizes pari-mutuel racing on Sundays after 12:00 p.m.	Immediately
129-133	97-98	Racing & Wagering Law -- Miscellaneous	Extends provisions concerning number of races and disposition of revenue to the tracks.	Immediately
134	98-99	Tax on Certain Insurance Damage Awards (Article 15)	Defers Article 15 effective date from September 1, 1991 to September 1, 1996. Mandates a report to evaluate the rationale for implementing Article 15 including its cost, estimates of sales tax evasion and fraud in auto repair industry, the effectiveness of Article 15 in preventing fraud and evasion, and alternatives to Article 15 designed to minimize fraud and evasion. Final report due January 1, 1996. Preliminary report due November 15, 1995.	Immediately, except as noted in description.
135-151	99-105	Public Health Law	Various assessments for health-related facilities.	4/1/95