

# STATE OF NEW YORK

7386

2023-2024 Regular Sessions

## IN SENATE

May 22, 2023

Introduced by Sen. SEPULVEDA -- read twice and ordered printed, and when printed to be committed to the Committee on Investigations and Government Operations

AN ACT to amend the tax law, the administrative code of the city of New York, chapter 877 of the laws of 1975, chapter 884 of the laws of 1975 and chapter 882 of the laws of 1977, relating to the imposition of certain taxes in the city of New York, in relation to postponing the expiration of certain tax rates and taxes in the city of New York

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

1 Section 1. Paragraph 3 of subdivision (a) of section 1212-a of the tax  
2 law, as amended by section 1 of subpart G of part XXX of chapter 58 of  
3 the laws of 2020, is amended to read as follows:

4 (3) a tax, at the same uniform rate, but at a rate not to exceed four  
5 and one-half per centum, in multiples of one-half of one per centum, on  
6 the receipts from every sale of any or all of the following services in  
7 whole or in part: credit rating, credit reporting, credit adjustment and  
8 collection services, including, but not limited to, those services  
9 provided by mercantile and consumer credit rating or reporting bureaus  
10 or agencies and credit adjustment or collection bureaus or agencies,  
11 whether rendered in written or oral form or in any other manner, except  
12 to the extent otherwise taxable under article twenty-eight of this chap-  
13 ter; notwithstanding the foregoing, collection services shall not  
14 include those services performed by a law office or a law and collection  
15 office, the maintenance or conduct of which constitutes the practice of  
16 law, if the services are performed by an attorney at law who has been  
17 duly licensed and admitted to practice law in this state. The local law  
18 imposing the taxes authorized by this paragraph may provide for exclu-  
19 sions and exemptions in addition to those provided for in such para-  
20 graph. Provided, however, that the tax hereby authorized shall not be

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

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1 imposed after November thirtieth, two thousand [~~twenty-three~~  
2 twenty-six.

3 § 2. Subsection (a) of section 1301 of the tax law, as amended by  
4 section 2 of subpart G of part XXX of chapter 58 of the laws of 2020, is  
5 amended to read as follows:

6 (a) Notwithstanding any other provision of law to the contrary, any  
7 city in this state having a population of one million or more inhabit-  
8 ants, acting through its local legislative body, is hereby authorized  
9 and empowered to adopt and amend local laws imposing in any such city,  
10 for taxable years beginning after nineteen hundred seventy-five:

11 (1) a tax on the personal income of residents of such city, at the  
12 rates provided for under subsection (a) of section thirteen hundred four  
13 of this article for taxable years beginning before two thousand [~~twen-~~  
14 ~~ty-four~~] twenty-seven, and at the rates provided for under subsection  
15 (b) of section thirteen hundred four of this article for taxable years  
16 beginning after two thousand [~~twenty-three~~] twenty-six, provided, howev-  
17 er, that if, for any taxable year beginning after two thousand [~~twenty-~~  
18 ~~three~~] twenty-six, the rates set forth in such subsection (b) are  
19 rendered inapplicable and the rates set forth in such subsection (a) are  
20 rendered applicable, then the tax for such taxable year shall be at the  
21 rates provided under subparagraphs (A) of paragraphs one, two and three  
22 of such subsection (a),

23 (2) for taxable years beginning after nineteen hundred seventy-six, a  
24 separate tax on the ordinary income portion of lump sum distributions of  
25 such residents, at the rates provided for herein, such taxes to be  
26 administered, collected and distributed by the commissioner as provided  
27 for in this article.

28 § 3. Subsection (b) of section 1304 of the tax law, as amended by  
29 section 3 of subpart G of part XXX of chapter 58 of the laws of 2020, is  
30 amended to read as follows:

31 (b) A tax other than the city separate tax on the ordinary income  
32 portion of lump sum distributions imposed pursuant to the authority of  
33 section thirteen hundred one of this article shall be determined as  
34 follows:

35 (1) Resident married individuals filing joint returns and resident  
36 surviving spouses. The tax under this section for each taxable year on  
37 the city taxable income of every city resident married individual who  
38 makes a single return jointly with his or her spouse under subsection  
39 (b) of section thirteen hundred six of this article and on the city  
40 taxable income of every city resident surviving spouse shall be deter-  
41 mined in accordance with the following table:

42 For taxable years beginning after two thousand [~~twenty-three~~] twenty-  
43 six:

44 If the city taxable income is:	The tax is:
45 Not over \$21,600	1.18% of the city taxable income
46 Over \$21,600 but not	\$255 plus 1.435% of excess
47 over \$45,000	over \$21,600
48 Over \$45,000 but not	\$591 plus 1.455% of excess
49 over \$90,000	over \$45,000
50 Over \$90,000	\$1,245 plus 1.48% of excess
51	over \$90,000

1 (2) Resident heads of households. The tax under this section for each  
 2 taxable year on the city taxable income of every city resident head of a  
 3 household shall be determined in accordance with the following table:

4 For taxable years beginning after two thousand [~~twenty-three~~] twenty-  
 5 six:

6 If the city taxable income is:	The tax is:
7 Not over \$14,400	1.18% of the city taxable income
8 Over \$14,400 but not	\$170 plus 1.435% of excess
9 over \$30,000	over \$14,400
10 Over \$30,000 but not	\$394 plus 1.455% of excess
11 over \$60,000	over \$30,000
12 Over \$60,000	\$830 plus 1.48% of excess
13	over \$60,000

14 (3) Resident unmarried individuals, resident married individuals  
 15 filing separate returns and resident estates and trusts. The tax under  
 16 this section for each taxable year on the city taxable income of every  
 17 city resident individual who is not a city resident married individual  
 18 who makes a single return jointly with his or her spouse under  
 19 subsection (b) of section thirteen hundred six of this article or a city  
 20 resident head of household or a city resident surviving spouse, and on  
 21 the city taxable income of every city resident estate and trust shall be  
 22 determined in accordance with the following table:

23 For taxable years beginning after two thousand [~~twenty-three~~] twenty-  
 24 six:

25 If the city taxable income is:	The tax is:
26 Not over \$12,000	1.18% of the city taxable income
27 Over \$12,000 but not	\$142 plus 1.435% of excess
28 over \$25,000	over \$12,000
29 Over \$25,000 but not	\$328 plus 1.455% of excess
30 over \$50,000	over \$25,000
31 Over \$50,000	\$692 plus 1.48% of excess
32	over \$50,000

33 § 4. Subsection (a) of section 1304-B of the tax law, as amended by  
 34 section 4 of subpart G of part XXX of chapter 58 of the laws of 2020, is  
 35 amended to read as follows:

36 (a) (1) In addition to any other taxes authorized by this article, any  
 37 city imposing such taxes is hereby authorized and empowered to adopt and  
 38 amend local laws imposing in any such city for each taxable year begin-  
 39 ning after nineteen hundred ninety but before two thousand [~~twenty-four~~]  
 40 twenty-seven, an additional tax on the city taxable income of every city  
 41 resident individual, estate and trust, to be calculated for each taxable  
 42 year as follows: (i) for each taxable year beginning after nineteen  
 43 hundred ninety but before nineteen hundred ninety-nine, at the rate of  
 44 fourteen percent of the sum of the taxes for each such taxable year  
 45 determined pursuant to section thirteen hundred four and section thir-  
 46 teen hundred four-A of this article; and (ii) for each taxable year  
 47 beginning after nineteen hundred ninety-eight, at the rate of fourteen  
 48 percent of the tax for such taxable year determined pursuant to such  
 49 section thirteen hundred four.

50 (2) Notwithstanding paragraph one of this subsection, for each taxable  
 51 year beginning after nineteen hundred ninety-nine but before two thou-

1 sand [~~twenty-four~~] twenty-seven, any city imposing such additional tax  
 2 may by local law impose such tax at a rate that is less than fourteen  
 3 percent and may impose such tax at more than one rate depending upon the  
 4 filing status and city taxable income of such city resident individual,  
 5 estate or trust.

6 (3) A local law enacted pursuant to paragraph two of this subsection  
 7 shall be applicable with respect to any taxable year only if it has been  
 8 enacted on or before July thirty-first of such year. A certified copy of  
 9 such local law shall be mailed by registered mail to the department at  
 10 its office in Albany within fifteen days of its enactment. However, the  
 11 department may allow additional time for such certified copy to be  
 12 mailed if it deems such action to be consistent with its duties under  
 13 this article.

14 § 5. Paragraph E of subdivision 1 of section 11-604 of the administra-  
 15 tive code of the city of New York, as amended by section 5 of subpart G  
 16 of part XXX of chapter 58 of the laws of 2020, is amended to read as  
 17 follows:

18 E. For taxable years beginning on or after January first, nineteen  
 19 hundred seventy-eight but before January first, two thousand [~~twenty-~~  
 20 ~~four~~] twenty-seven, the tax imposed by subdivision one of section 11-603  
 21 of this subchapter shall be, in the case of each taxpayer:

22 (a) whichever of the following amounts is the greatest:

23 (1) an amount computed, for taxable years beginning before nineteen  
 24 hundred eighty-seven, at the rate of nine per centum, and for taxable  
 25 years beginning after nineteen hundred eighty-six, at the rate of eight  
 26 and eighty-five one-hundredths per centum, of its entire net income or  
 27 the portion of such entire net income allocated within the city as here-  
 28 inafter provided, subject to any modification required by paragraphs (d)  
 29 and (e) of subdivision three of this section,

30 (2) an amount computed at one and one-half mills for each dollar of  
 31 its total business and investment capital, or the portion thereof allo-  
 32 cated within the city, as hereinafter provided, except that in the case  
 33 of a cooperative housing corporation as defined in the internal revenue  
 34 code, the applicable rate shall be four-tenths of one mill,

35 (3) an amount computed, for taxable years beginning before nineteen  
 36 hundred eighty-seven, at the rate of nine per centum, and for taxable  
 37 years beginning after nineteen hundred eighty-six, at the rate of eight  
 38 and eighty-five one-hundredths per centum, on thirty per centum of the  
 39 taxpayer's entire net income plus salaries and other compensation paid  
 40 to the taxpayer's elected or appointed officers and to every stockholder  
 41 owning in excess of five per centum of its issued capital stock minus  
 42 fifteen thousand dollars (subject to proration as hereinafter provided)  
 43 and any net loss for the reported year, or on the portion of any such  
 44 sum allocated within the city as hereinafter provided for the allocation  
 45 of entire net income, subject to any modification required by paragraphs  
 46 (d) and (e) of subdivision three of this section, provided, however,  
 47 that for taxable years beginning on or after July first, nineteen  
 48 hundred ninety-six, the provisions of paragraph H of this subdivision  
 49 shall apply for purposes of the computation under this clause, or

50 (4) for taxable years ending on or before June thirtieth, nineteen  
 51 hundred eighty-nine, one hundred twenty-five dollars, for taxable years  
 52 ending after June thirtieth, nineteen hundred eighty-nine and beginning  
 53 before two thousand nine, three hundred dollars, and for taxable years  
 54 beginning after two thousand eight:

55 If New York city receipts are:	Fixed dollar minimum tax is:
56 Not more than \$100,000	\$25

1	More than \$100,000 but not over \$250,000	\$75
2	More than \$250,000 but not over \$500,000	\$175
3	More than \$500,000 but not over \$1,000,000	\$500
4	More than \$1,000,000 but not over \$5,000,000	\$1,500
5	More than \$5,000,000 but not over \$25,000,000	\$3,500
6	Over \$25,000,000	\$5,000

7 For purposes of this clause, New York city receipts are the receipts  
8 computed in accordance with subparagraph two of paragraph (a) of subdivi-  
9 sion three of this section for the taxable year. For taxable years  
10 beginning after two thousand eight, if the taxable year is less than  
11 twelve months, the amount prescribed by this clause shall be reduced by  
12 twenty-five percent if the period for which the taxpayer is subject to  
13 tax is more than six months but not more than nine months and by fifty  
14 percent if the period for which the taxpayer is subject to tax is not  
15 more than six months. If the taxable year is less than twelve months,  
16 the amount of New York city receipts for purposes of this clause is  
17 determined by dividing the amount of the receipts for the taxable year  
18 by the number of months in the taxable year and multiplying the result  
19 by twelve, plus;

20 (b) an amount computed at the rate of three-quarters of a mill for  
21 each dollar of the portion of its subsidiary capital allocated within  
22 the city as hereinafter provided.

23 In the case of a taxpayer which is not subject to tax for an entire  
24 year, the exemption allowed in clause three of subparagraph (a) of this  
25 paragraph shall be prorated according to the period such taxpayer was  
26 subject to tax. Provided, however, that this paragraph shall not apply  
27 to taxable years beginning after December thirty-first, two thousand  
28 [~~twenty-three~~ **twenty-six**]. For the taxable years specified in the  
29 preceding sentence, the tax imposed by subdivision one of section 11-603  
30 of this subchapter shall be, in the case of each taxpayer, determined as  
31 specified in paragraph A of this subdivision, provided, however, that  
32 the provisions of paragraphs G and H of this subdivision shall apply for  
33 purposes of the computation under clause three of subparagraph (a) of  
34 such paragraph A.

35 § 6. The opening paragraph of section 11-1701 of the administrative  
36 code, as amended by section 6 of subpart G of part XXX of chapter 58 of  
37 the laws of 2020, is amended to read as follows:

38 A tax is hereby imposed on the city taxable income of every city resi-  
39 dent individual, estate and trust determined in accordance with the  
40 rates set forth in subdivision (a) of this section for taxable years  
41 beginning before two thousand [~~twenty-four~~ **twenty-seven**], and in accord-  
42 ance with the rates set forth in subdivision (b) of this section for  
43 taxable years beginning after two thousand [~~twenty-three~~ **twenty-six**].  
44 Provided, however, that if, for any taxable year beginning after two  
45 thousand [~~twenty-three~~ **twenty-six**], the rates set forth in such subdivi-  
46 sion (b) are rendered inapplicable and the rates set forth in such  
47 subdivision (a) are rendered applicable, then the tax for such taxable  
48 year shall be at the rates provided under subparagraph (A) of paragraphs  
49 one, two and three of such subdivision (a).

50 § 7. Subdivision (b) of section 11-1701 of the administrative code of  
51 the city of New York, as amended by section 7 of subpart G of part XXX  
52 of chapter 58 of the laws of 2020, is amended to read as follows:

53 (b) Rate of tax. A tax imposed pursuant to this section shall be  
54 determined as follows:

55 (1) Resident married individuals filing joint returns and resident  
56 surviving spouses. The tax under this section for each taxable year on

1 the city taxable income of every city resident married individual who  
 2 makes a single return jointly with his or her spouse under subdivision  
 3 (b) of section 11-1751 of this title and on the city taxable income of  
 4 every city resident surviving spouse shall be determined in accordance  
 5 with the following table:

6 For taxable years beginning after two thousand [~~twenty-three~~] twenty-  
 7 six:

8 If the city taxable income is:	The tax is:
9 Not over \$21,600	1.18% of the city taxable income
10 Over \$21,600 but not	\$255 plus 1.435% of excess
11 over \$45,000	over \$21,600
12 Over \$45,000 but not	\$591 plus 1.455% of excess
13 over \$90,000	over \$45,000
14 Over \$90,000	\$1,245 plus 1.48% of excess
15	over \$90,000

16 (2) Resident heads of households. The tax under this section for each  
 17 taxable year on the city taxable income of every city resident head of a  
 18 household shall be determined in accordance with the following table:

19 For taxable years beginning after two thousand [~~twenty-three~~] twenty-  
 20 six:

21 If the city taxable income is:	The tax is:
22 Not over \$14,400	1.18% of the city taxable income
23 Over \$14,400 but not	\$170 plus 1.435% of excess
24 over \$30,000	over \$14,400
25 Over \$30,000 but not	\$394 plus 1.455% of excess
26 over \$60,000	over \$30,000
27 Over \$60,000	\$830 plus 1.48% of excess
28	over \$60,000

29 (3) Resident unmarried individuals, resident married individuals  
 30 filing separate returns and resident estates and trusts. The tax under  
 31 this section for each taxable year on the city taxable income of every  
 32 city resident individual who is not a married individual who makes a  
 33 single return jointly with his or her spouse under subdivision (b) of  
 34 section 11-1751 of this title or a city resident head of a household or  
 35 a city resident surviving spouse, and on the city taxable income of  
 36 every city resident estate and trust shall be determined in accordance  
 37 with the following table:

38 For taxable years beginning after two thousand [~~twenty-three~~] twenty-  
 39 six:

40 If the city taxable income is:	The tax is:
41 Not over \$12,000	1.18% of the city taxable income
42 Over \$12,000 but not	\$142 plus 1.435% of excess
43 over \$25,000	over \$12,000
44 Over \$25,000 but not	\$328 plus 1.455% of excess
45 over \$50,000	over \$25,000
46 Over \$50,000	\$692 plus 1.48% of excess
47	over \$50,000

48 § 8. Paragraph 1 of subdivision (a) of section 11-1704.1 of the admin-  
 49 istrative code of the city of New York, as amended by section 8 of  
 50 subpart G of part XXX of chapter 58 of the laws of 2020, is amended to  
 51 read as follows:

1 (1) In addition to any other taxes imposed by this chapter, there is  
2 hereby imposed for each taxable year beginning after nineteen hundred  
3 ninety but before two thousand [~~twenty-four~~] twenty-seven, an additional  
4 tax on the city taxable income of every city resident individual, estate  
5 and trust, to be calculated for each taxable year as follows: (i) for  
6 each taxable year beginning after nineteen hundred ninety but before  
7 nineteen hundred ninety-nine, at the rate of fourteen percent of the sum  
8 of the taxes for each such taxable year determined pursuant to section  
9 11-1701 and section 11-1704 of this subchapter; and (ii) for each taxa-  
10 ble year beginning after nineteen hundred ninety-eight, at the rate of  
11 fourteen percent of the tax for such taxable year determined pursuant to  
12 such section 11-1701.

13 § 9. Subdivision (a) of section 11-2002 of the administrative code of  
14 the city of New York, as amended by section 9 of subpart G of part XXX  
15 of chapter 58 of the laws of 2020, is amended to read as follows:

16 (a) There are hereby imposed and there shall be paid sales taxes at  
17 the rate of four and one-half percent on receipts from every sale of the  
18 services of beauty, barbering, hair restoring, manicuring, pedicuring,  
19 electrolysis, massage services and similar services, and every sale of  
20 services by weight control salons, health salons, gymnasiums, turkish  
21 and sauna bath and similar establishments and every charge for the use  
22 of such facilities, whether or not any tangible personal property is  
23 transferred in conjunction therewith; but excluding services rendered by  
24 a physician, osteopath, dentist, nurse, physiotherapist, chiropractor,  
25 podiatrist, optometrist, ophthalmic dispenser or a person performing  
26 similar services licensed under title eight of the education law, as  
27 amended, and excluding such services when performed on pets and other  
28 animals, as authorized by subdivision (a) of section twelve hundred  
29 twelve-A of the tax law. Provided, however, that the tax hereby imposed  
30 shall not be imposed after November thirtieth, two thousand [~~twenty-~~  
31 ~~three~~] twenty-six.

32 § 10. The opening paragraph of subdivision (a) of section 11-2040 of  
33 the administrative code of the city of New York, as amended by section  
34 10 of subpart G of part XXX of chapter 58 of the laws of 2020, is  
35 amended to read as follows:

36 There is hereby imposed within the city and there shall be paid a tax  
37 at the rate of four and one-half percent upon the receipts from every  
38 sale, except for resale, of the following services, provided, however,  
39 that the tax hereby imposed shall not be imposed after November thirti-  
40 eth, two thousand [~~twenty-three~~] twenty-six, on receipts from sales of  
41 the services specified in paragraph one of this subdivision:

42 § 11. Section 4 of chapter 877 of the laws of 1975, relating to the  
43 imposition of certain taxes in the city of New York, as amended by  
44 section 11 of subpart G of part XXX of chapter 58 of the laws of 2020,  
45 is amended to read as follows:

46 § 4. This act shall expire on December 31, [~~2023~~] 2026, provided,  
47 however, that it is hereby declared to be the express intention of the  
48 legislature that the provisions of sections two and three of this act,  
49 except with respect to the enforcement and collection of any tax arising  
50 thereunder, shall remain in full force and effect only until the date of  
51 such expiration, at which time the provisions of law amended by this act  
52 shall be continued in full force and effect as they existed prior to the  
53 enactment of this act.

54 § 12. Section 6 of chapter 884 of the laws of 1975, relating to the  
55 imposition of certain taxes in the city of New York, as amended by

1 section 12 of subpart G of part XXX of chapter 58 of the laws of 2020,  
2 is amended to read as follows:

3 § 6. This act shall expire on December 31, [~~2023~~] 2026, provided,  
4 however, that it is hereby declared to be the express intention of the  
5 legislature that the provisions of sections two, three and four of this  
6 act, except with respect to the enforcement and collection of any tax  
7 arising thereunder, shall remain in full force and effect only until the  
8 date of such expiration, at which time the provisions of law amended by  
9 this act shall be continued in full force and effect as they existed  
10 prior to the enactment of this act.

11 § 13. Section 2 of chapter 882 of the laws of 1977, relating to the  
12 imposition of certain taxes in the city of New York, as amended by  
13 section 13 of subpart G of part XXX of chapter 58 of the laws of 2020,  
14 is amended to read as follows:

15 § 2. This act shall expire on December 31, [~~2023~~] 2026, provided,  
16 however, that it is hereby declared to be the express intention of the  
17 legislature that the provisions of section one of this act, except with  
18 respect to the enforcement and collection of any tax arising thereunder,  
19 shall remain in full force and effect only until the date of such expi-  
20 ration, at which time the provisions of law amended by this act shall be  
21 continued in full force and effect as they existed prior to the enact-  
22 ment of this act.

23 § 14. This act shall take effect immediately.