



Legislation Text

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Res. No. 4

Resolution calling upon the Governor and the State Legislature to amend the State Tax Law to require credit card companies to remit to the appropriate authorities, the sales tax on goods and services subject to such tax and paid for by means of credit cards.

By Council Member Sanders Jr.; also Council Members Lopez, Nelson, and Seabrook

Whereas, Articles 28 and 29 of the State Tax Law provide for the imposition of state and local sales taxes on certain goods and services sold at retail; and

Whereas, The State portion of this sales tax amounts to 4% of the receipts from the retail sale of taxable goods and services and the local portion of the tax amounts to an additional 4%, with an added 1/4 % levied for purposes of the Metropolitan Commuter Transportation District, bringing the total amount of the Sales tax on taxable goods and services in New York City to 8 1/4 %; and

Whereas, The percentage of families using credit cards for retail purchases reportedly rose from 56% in 1986 to 66% in 1995 according to the U.S. Census Bureau's 1998 Statistical Abstract, indicating that credit card purchases are accounting for an ever-increasing portion of all retail purchases; and

Whereas, The sales tax brought over \$3.5 billion to the City in Fiscal Year 2001, making it the third largest tax revenue stream for the City, a revenue stream the importance of which cannot be understated given the City's current financial condition; and

Whereas, Requiring Credit Card Companies, which are the entities collecting the purchase price of goods and services purchased with such cards, to remit the sales tax directly to the State Department of Taxation and Finance, would provide a more direct and certain mechanism for ensuring that the State and City promptly receive all of the sales tax revenue to which they are entitled; now, therefore, be it

Resolved, That the Council of the City of New York calls upon the Governor and the State Legislature to amend the State Tax Law to require credit card companies to remit to the appropriate authorities, the sales tax on goods and services subject to such tax and paid for by means of credit cards.