



Legislation Text

File #: Res 0603-2002, **Version:** *

Res. No. 603

Resolution calling upon the United States Congress and the State of New York to enact legislation that would exempt from federal, state and local income taxes any governmental grants awarded to provide economic assistance in the wake of the September 11, 2001 terrorist attacks on the World Trade Center.

By Council Member Miller (the Speaker) and Council Members Recchia, Addabbo, Baez, Comrie, Dilan, Felder, Fidler, Gennaro, Gerson, Jackson, Liu, McMahon, Monserrate, Nelson, Quinn, Rivera, Sanders, Sears, Serrano, Vann, Weprin and Brewer

Whereas, The September 11th terrorist attacks had a devastating effect on residents and businesses located in the downtown area of New York City; and

Whereas, In the wake of the attacks, numerous grant programs were developed to assist, and attract to the downtown Manhattan area, businesses and residents, with the principal grant programs funded by the federal government through a Community Development Block Grant administered by the United States Department of Housing and Urban Development (HUD) in coordination with the Empire State Development Corporation (ESDC) and the New York City Economic Development Corporation on the State and local levels; and

Whereas, These grant programs include the WTC Business Recovery Grant Program which provides eligible for-profit and not-for-profit businesses with funds to off-set economic losses suffered by such businesses during the period September 11th, 2001 to December 31, 2001, and the WTC Small Firm Attraction and Retention Grant Program which provides eligible for-profit and not-for-profit businesses with funds for the wages of full-time permanent employees; and

Whereas, It appears that the tax treatment of at least some of the grants is uncertain, with the ESDC having informed recipients of the WTC Business Recovery Grants and the Small Firm Attraction and Retention Grants that their grant amounts will be reported to the Internal Revenue Service; and

Whereas, The assessment of federal income and/or business taxes on grants awarded under the grant programs could also result in the taxation of such grants for State and local tax purposes, since State and local tax treatment of income generally follows federal treatment; and

Whereas, Taxation of these grants would substantially reduce the actual economic relief awarded to grant recipients; and

Whereas, The Speaker of the State Assembly has introduced legislation, A 11921, which would exempt all grants, including housing and business grants, made by the federal, state or local governments to individuals or businesses in connection with the September 11th terrorist attacks, from state and local income or business taxes; and

Whereas, Similar legislation should be enacted by the United States Congress to exempt these governmental grants from federal taxation; now, therefore be it

Resolved, That the Council of the City of New York calls upon the United States Congress and the State of New York to enact legislation that would exempt from federal, state and local income taxes any governmental grants awarded to provide economic assistance in the wake of the September 11, 2001 terrorist attacks on the World Trade Center.