2013-14 NEW YORK STATE EXECUTIVE BUDGET

REVENUE ARTICLE VII LEGISLATION

MEMORANDUM IN SUPPORT

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A BUDGET BILL submitted by the Governor in Accordance with Article VII of the Constitution

AN ACT to amend to amend the tax law, in relation to the temporary metropolitan transportation business tax surcharge (Part A); to amend the tax law, in relation to the empire state film production credit and the empire state film post production credit; and to amend part Y-1 of chapter 57 of the laws of 2009 amending the tax law relating to the empire state film production credit, in relation to reports (Part B); to amend the economic development law, the tax law and the administrative code of the city of New York, in relation to establishing the New York innovation hot spot program (Part C); to amend the tax law and the administrative code of the city of New York, in relation to extending for three years the charitable contributions deduction limitation (Part D); to amend the tax law and the administrative code of the city of New York, in relation to the exclusion of certain royalty payments from the entire net income or other taxable basis of corporations, banking corporations, and insurance corporations, from the unrelated business income of corporations, and from the adjusted gross income of individual taxpayers; and to repeal certain provisions of the tax law relating thereto (Part E); to amend the tax law, in relation to the historic preservation tax credit (Part F); to amend the tax law, in relation to providing a tax credit for electric vehicle recharging property (Part G); to amend chapter 61 of the laws of 2011 amending the real property tax law and other laws relating to establishing standards for electronic real property tax administration, in relation to making permanent, provisions relating to mandatory electronic filing of tax documents and improving sales tax compliance and to repeal certain provisions of the tax law and the administrative code of the city of New York relating thereto (Part H); to amend the tax law, in relation to exempting sales made at a Taste-NY facility from sales and compensating use taxes; and to amend the alcoholic beverage control law, in relation to allowing sales of all types of alcoholic beverages at a Taste-NY facility (Part I); to amend the general municipal law and the public authorities law, in relation to industrial development agencies and authorities (Part J); to amend the tax law, in relation to expanding the exemption of CNG in the sales tax to include natural gas purchased and used to produce CNG for use exclusively and directly in the engine of a motor vehicle (Part K); to amend the tax law, in relation to allowing voluntary ambulance services, fire companies, fire departments and rescue squads to claim reimbursement of the petroleum business tax for fuel used in their vehicles (Part L); to amend the tax law, in relation to the power of the commissioner of taxation and finance to refuse to issue a certificate of authority to collect the sales and use taxes and the power of the commissioner of taxation and finance to revoke such a certificate once granted and penalties related to the operation of a business without such certificate (Part M); to amend the tax law, in relation to allowing the department of taxation and finance to refuse a certificate of registration to retail dealers of cigarettes and tobacco products if such dealers have certain tax liabilities or have been convicted of a tax crime within one year of applying for or renewing a certificate of registration (Part N); to amend the tax law, in relation to increasing the penalty for the possession of unstamped and unlawfully stamped cigarettes (Part O); to amend the tax law, the vehicle and traffic law and the insurance law, in relation to the suspension of drivers' licenses of persons who are delinquent in the payment of past-due tax liabilities (Part P); to amend the tax law, in relation to serving an income execution with respect to individual tax debtors without filing a warrant (Part Q); to amend the tax law, in relation to the authority of counties to impose sales and compensating use taxes pursuant to the authority of article 29 of such law; and to repeal certain provisions of sections 1210 and 1224 and section 1210-E of such law relating thereto (Part R); to amend the tax law, in relation to a keno style lottery game (Part S); to amend the tax law, in relation to vendor fees paid to vendor tracks (Part T); and to amend the racing, pari-mutuel wagering and breeding law, in relation to licenses for simulcast facilities, sums relating to track simulcast, simulcast of out-of-state thoroughbred races, simulcasting of races run by out-of-state harness tracks and distributions of wagers; to amend chapter 281 of the laws of 1994, amending the racing, pari-mutuel wagering and breeding law and other laws relating to simulcasting and chapter 346 of the laws of 1990, amending the racing, pari-mutuel wagering and breeding law and other laws relating to simulcasting and the imposition of certain taxes, in relation to making permanent certain provisions thereof; to amend the racing, pari-mutuel wagering and breeding law, in relation to making permanent certain provisions thereof; and to repeal subdivision 5 of section 1012 of the racing, pari-mutuel wagering and breeding law relating to telephone accounts and telephone wagering and section 1014 of the racing, pari-mutuel wagering and breeding law relating to simulcasting of out-of-state thoroughbred races (Part U)

PURPOSE:

This bill contains provisions needed to implement the Revenue portion of the 2013-14 Executive Budget.

This memorandum describes Parts A through U of the 2013-14 Article VII Revenue bill which are described wholly within the parts listed below.

Part A – Extend the MTA business tax surcharge for five years.

Purpose:

This bill would provide a five year extension of the temporary metropolitan transportation business tax surcharge.

Statement in Support, Summary of Provisions, Existing Law, and Prior Legislative History:

This bill would provide a five year extension of the temporary metropolitan transportation business tax surcharge under Tax Law sections 183-a,184-a, 186-c, 209-B, 1455-B and 1505-a. Under current law the temporary metropolitan transportation business tax surcharges are set to expire for taxable years ending before December 31, 2013. This provision has been repeatedly extended since the 1980's and this bill would extend the surcharges for an additional five years to taxable years ending before December 31, 2018.

Budget Implications:

Enactment of this bill is necessary to implement the 2013-2014 Executive Budget because it would preserve revenue dedicated to support the operations of the Metropolitan Transportation Authority.

Effective Date:

This bill would take effect immediately upon enactment.

Part B – New York Film Production tax credit-extend for five years, enhance, and improve transparency.

Purpose:

This bill would extend funding through 2019 for the empire state film production credit and empire state film post production credit, make changes to the definition of a qualified film and make changes to the post production tax credit. The empire state film production tax credit was initially enacted in 2004, and it has been amended numerous times since then. The proposed changes will provide certainty to the industry that is necessary to support long term investments in the state, increase the opportunity for additional activity in the state in the area of post production, and increase the reporting requirements, disclosure requirements, and oversight of the film credit programs.

Statement in Support, Summary of Provisions, Existing Law, and Prior Legislative History:

This bill would provide an additional $420 million in funds for the film tax credit and post production credit through calendar year 2019 and increase the amount allocated from the total funds available to the post production credit from $7 million to $25 million per calendar year beginning in 2015. The extension through 2019 will allow the state to attract more long-term investments, and the increase in allocation to post production is necessary to accommodate the rise in spending on post production, visual effects and animation as a portion of overall budgets.

The amendments would allow a taxpayer to claim a post production credit for visual effects or animation: 1) where the taxpayer’s post production costs relating to visual effects or animation at a New York post production facility equal or exceed the lesser of $3 million or 20 percent or more of a taxpayer’s post production costs related to visual effects or animation at post production facilities within and without New York; or 2) where the taxpayer’s post production costs excluding visual effects and animation at a New York post production facility equal or exceed 75 percent or more of a taxpayer’s post production costs excluding visual effects and animation at post production facilities everywhere. This will help proactively expand New York's presence in visual effects and animation.

The approaching sunset date of the film tax credit program and minimal funding for post production are out of line with the needs of the industry. Under the film production credit, a taxpayer is able to claim a credit for the qualified production costs paid or incurred in the production of a qualified film.   Currently, qualified production costs do not include post production costs unless the portion of the post production costs attributable to the production of a qualified film in New York equal or exceed 75 percent of the total post production costs incurred in the production of such qualified film. This threshold has proved prohibitively high for productions that make use of extensive special effects.   The combination of visual effects, animation and other post production activities makes it impossible for many companies to qualify for the credit, given New York's limited capacity in visual effects. This change would reward companies for bringing their visual effects, animation and post production work to New York.

The bill would also allow a "relocated television production" to qualify as a qualified film, making it eligible for the tax credit. A relocated television production is defined as a television production that filmed at least five seasons prior to its first relocated season in New York, has a studio audience of 200 or more people, incurs at least $30 million in annual production costs in the State and incurs at least $10 million in qualified capital expenditures at a qualified facility

Finally, the bill would also increase the State's return on investment, protect the film credit program's integrity, and reduce program costs by adding new third party reporting and oversight provisions.

<u>Budget Implications</u>:

Enactment of this bill is necessary to implement the 2013-2014 Executive Budget. The revenue foregone with enactment of this legislation is $173 million in 2016-17, $316 million in 2017-18 $420 million in each of 2018-19 and 2019-20, $417 million in 2020-21, $248 million in 2021-22 and $106 million in 2022-23.

Effective Date:

This bill would take effect immediately, provided, however, that sections four and five of the bill would apply to taxpayers submitting initial applications to the governor's office of motion picture and television development on or after this bill becomes law and to taxpayers who filed an initial application before the bill becomes a law but who have not yet submitted a final application to the governor's office of motion picture and television

development on or before the date this bill becomes a law and section six of the bill, other than the addition by section 6 of this bill of new subdivision (b) to section 3 of part Y-1 of chapter 57 of the laws of 2009, which would take effect immediately, would only apply to taxpayers submitting initial applications to the governor's office of motion picture and television development on or after the date this bill becomes a law.

Part C – Establish the New York Innovation Hot Spots Program.

Purpose:

This bill would provide for the establishment of an Innovation Hot Spots Program affiliated with private or public universities and colleges and non-profit organizations associated with universities and colleges and provide tax benefits for new businesses located in the “innovation hot spots”.

Statement in Support, Summary of Provisions, Existing Law, and Prior Legislative History:

This bill would create a new program to promote economic growth in New York State by creating “innovation hot spots” - tax free zones affiliated with higher education incubators or non-profit incubators associated with universities or colleges. These incubators will help to foster innovation by offering inventors and entrepreneurs a low-cost and supportive environment in which to establish themselves and grow. Winning hot spots will provide start-ups with growth support and assistance by providing a one-stop shop for services, office space, networking and other technical assistance. The companies locating in the incubators will be able to grow without paying taxes in New York for their first five years.

The bill amends the Economic Development Law by adding a new section 361 to create innovation hot spots that will be tax-free zones in New York college, university and non-profit incubators. Five “innovation hot spots” will be designated by the Department of Economic Development with the recommendations of the Regional Economic Development Councils in fiscal year 2013-2014, and five more will be designated the next fiscal year. The applicants that are approved as “innovation hot spots” are expected to foster innovation, house entrepreneurial businesses on their campuses, and offer growth support.

The bill also amends the Tax Law to provide tax benefits to qualified entities that operate a business in an "innovation hot spot". Qualified entities must be business enterprises that are in the formative stage of development and located in New York State. Corporate qualified entities that are taxpayers under Article 9-A and located in an "innovation hot spot" would pay only the fixed dollar minimum tax for five taxable years. Individuals receiving income from qualified entities that are sole proprietorships, partnerships, limited liability companies or New York Subchapter S corporations would be allowed a deduction for five taxable years for the amount of income included in their federal adjusted income to the extent that the income was attributable to income earned from the operations of a qualified entity that is also a tenant in an "innovation hot spot". Qualified entities would also be entitled to a sales and use tax credit or refund for their purchases for 60 months, beginning with the first full month during which the qualified entity becomes a tenant in an "innovation hot spot". A taxpayer who claims tax benefits under section 38 of the Tax Law would no longer be eligible for any other New York State exemptions, deductions, or credits or refunds under the Tax Law, and the election to claim the tax benefits under this section is not revocable. The personal income tax benefit would also be applicable to the New York City personal income tax.

Budget Implications:

This bill would have no fiscal impact in 2013-14, result in minimal sales tax receipts reductions in every year of the Financial Plan, and result in a $5 million All Funds total revenue loss in the corporate franchise tax in 2017-18.

Effective Date:

This bill would take effect immediately upon enactment.

Part D – Extend the high income charitable contribution deduction limitation for three years.

Purpose: This bill would extend for three years the limitation on charitable contributions deductions for New York State and New York City taxpayers.

Statement in Support, Summary of Provisions, Existing Law, and Prior Legislative History:

This bill would amend section 615(g) of the Tax Law to retain for three additional years the current New York limitation on the itemized charitable contributions deduction for individuals whose New York adjusted gross income is over $10 million in the amount of 25 percent of any charitable contributions deduction allowed under the Internal Revenue Code. Without an amendment to the Tax Law, the deduction for individuals whose New York adjusted gross income is over ten million dollars would rise for taxable years beginning on or after January 1, 2013 to 50 percent of any charitable contributions deduction allowed under the Internal Revenue Code. The bill would also make conforming amendments to the New York City Administrative Code.

Budget Implications:

Enactment of this bill is necessary to implement the 2013-2014 Executive Budget because it would increase All Funds tax receipts by $70 million in SFY 2013-14, $140 million in each of SFYs 2014-15 and 2015-16, and $70 million in SFY 2016-17.

Effective Date:

This bill would take effect immediately upon enactment.

Part E – Close the royalty income loophole.

Purpose:

This bill would amend the royalty expense add-back requirements in the Tax Law by eliminating the income exclusion provisions in these requirements, thereby closing a loophole that allowed taxpayers to avoid any significant expense add-back yet qualify for a substantial income exclusion.

Statement in Support, Summary of Provisions, Existing Law, and Prior Legislative History:

The current add-back and exclusion system under the Tax Law and the NYC Administrative Code has been subject to exploitation by taxpayers. Under the current system, the recipient of royalty payments can exclude these payments as long as the payer is also a New York taxpayer. This creates an incentive for taxpayers to take advantage of the income exclusion provision by allowing the income exclusion for a payment received from a related member with a small New York presence (i.e. a very low business allocation percentage [BAP]), even if the recipient has a large BAP and large royalty income, resulting in significant tax savings.

The provisions of the current statute have also been interpreted by some taxpayers in ways that are inconsistent with the intent of the statute and the Department's interpretation. For example, issues have been raised regarding eligibility for the income exclusion provision, as well as the scope of the "related members" definition.

The bill would eliminate those inconsistent readings with clear language on the applicability of the required add-back, and the exceptions thereto, in order to prevent tax avoidance while allowing for fair and equitable administration. The bill, which is based upon a Multistate Tax Commission model statute, would modify the royalty income add-back and exclusion provisions of the Tax Law, and in corresponding sections of the NYC Administrative Code, by eliminating the exclusion of royalty income received if the related member who made the royalty payment was required to add back the payment to its income. Instead, the bill would create several new exceptions to the add-back requirement. One exception would allow taxpayers to demonstrate that the expense add-back should not apply if the taxpayer's related member paid significant taxes on the royalty payment in other jurisdictions. Another would apply if the related member paid all or part of the royalty payment it received to a third party for a valid business purpose. There would be an additional exception when the related member is organized under the laws of a foreign country that has a tax treaty with the United States. Finally, the bill would allow the commissioner to exempt any taxpayer from the add-back requirement if adding back the expense would not properly reflect the taxpayer's income.

In addition, the bill would amend the definition of "related member" to be consistent with the term as used elsewhere in the Tax Law, and provide clarification as to which transactions are not subject to the add-back requirements.

<u>Budget Implications</u>:

Enactment of this bill will increase All Funds revenue by $28 million annually beginning in 2014-15.

<u>Effective Date</u>:

This bill takes effect immediately and applies to taxable years beginning on or after January 1, 2013.

Part F – Extend and enhance the historic commercial properties rehabilitation tax credit.

<u>Purpose</u>: Extend the enhanced tax credit available for rehabilitation of historic properties through tax years beginning before January 1, 2020, and to make necessary technical corrections to the method of determining eligible census tracts.

<u>Statement in Support, Summary of Provisions, Existing Law, and Prior Legislative History:</u>

The tax credit for rehabilitation of historic properties is now available for general business corporations subject to tax under Article 9-A of the Tax Law and personal income taxpayers subject to tax under Article 22, as well as to banking corporations subject to tax under Article 32 and insurance corporations subject to tax under Article 33.

The New York State credit is based on the federal credit allowed for the qualified rehabilitation expenditures, as defined by section 47(c)(2) of the Internal Revenue Code (IRC), related to the rehabilitation of the same certified historic structure. The tax credit is allowed in the tax year that the qualified rehabilitation is placed in service under section 167 (relating to depreciation) of the IRC.

While the credit is not currently refundable, the bill would make the credit refundable commencing in tax year 2015. Currently, for tax years beginning on or after January 1, 2010 and before January 1, 2015, the amount of the credit is equal to 100% of the federal credit allowed under section 47 of the IRC for the same tax year for the same certified historic structure located in New York State. However, the total amount of New York State credit allowed cannot exceed $5 million per structure.

This bill would amend each of the Tax Law articles allowing the historic rehabilitation tax credit, to allow the enhanced tax credit of $5,000,000 per structure through tax years 2019 and allow it to revert to the pre-2010 value of $100,000 for subsequent taxable years.

This extension would provide greater certainty to developers who want to commit to historic rehabilitation projects, and the refundability would improve developer financing opportunities.

Sections one through four of the bill would also make needed technical corrections by substituting the 2006-2011 American Community Survey data for the decennial federal census data in calculating the state median family income and removing obsolete references to federal targeted area residences under Section 143(j) of the Internal Revenue Code.

Budget Implications:

Enactment of this bill, while reducing tax revenues by $20 million in SFY 2016-2017 and $30 million annually in each of the next four fiscal years, is a necessary adjunct to economic development and developing a robust economy in New York.

Effective Date:

This bill would take effect immediately and applies to taxable years beginning on and after January 1, 2013.

Part G – Establish the Charge NY electric vehicle recharging equipment tax credit.

Purpose:

This bill would provide a tax credit for electric vehicle recharging property.

Statement in Support, Summary of Provisions, Existing Law, and Prior Legislative History:

This bill would create a nonrefundable tax credit under the corporation tax, corporate franchise tax and the personal income tax for the purchase of electric vehicle recharging property, which consists of all the equipment needed to convey electric power from the electric grid or another power source to an onboard vehicle charger. The credit equals, for each installation, the lesser of five thousand dollars or fifty percent of the cost of such property. Recharging property that has been funded with grants, including grants from the New York State Energy and Research Development Authority or the New York Power Authority, will not qualify for the credit.

This bill would continue to stimulate the developing market for electric vehicles by offering tax credits for the installation of property to be used for recharging electric vehicles until December 31, 2017. The bill offers a comprehensive effort to encourage investment in energy efficient transportation technologies that displace petroleum consumption and reduce emissions of harmful pollutants.

Budget Implications:

Enactment of this bill would have no fiscal impact in 2013-14 and result in All Funds revenue losses of $1 million in each of FY 2014-15 and 2015-16 and $3 million in each of FY 2016-17, 2017-18, and 2018-19.

Effective Date:

This bill would take effect immediately and apply to taxable years beginning on or after January 1, 2013 for property placed in service on or after that date.

Part H – Make tax modernization provisions permanent.

Purpose:

To make permanent tax modernization provisions related to improving electronic filing and payment mandates and sales tax segregated accounts program.

Statement in Support, Summary of Provisions, Existing Law, Prior Legislative History:

a. Electronic Filing Mandates

Part U of Chapter 61, Laws of 2011 improved the administration of the Tax Department's electronic filing and payment mandates by consolidating all preparer and self-filer requirements into one section of the Tax Law (§29), extending the e-filing requirements to PIT self-filers who use tax software to prepare their PIT returns, and repealing unnecessary provisions of the Tax Law and the Administrative Code of the

City of New York. These beneficial provisions are set to expire on December 31, 2013, at which time, the law would revert to disparate sections setting forth e-file mandate requirements at different threshold requirements than those which would be in place during the 2013 tax filing season.

This bill would make permanent the very important e-file improvement provisions enacted in 2011. The 2011 amendments consolidating the e-file and e-pay requirements into one section of the Tax Law made the requirements more readily understandable and eliminated confusion among self-filers and practitioners that existed when there were two different sets of requirements. To produce further efficiencies and cost savings to the State, the threshold trigger for the preparer e-file requirement was reduced from preparation of 100 tax documents to preparation of 5 tax documents. In 2012, these requirements were changed for those who first become subject to the e-filing requirements after January 1, 2012 and before January 1, 2014 to a tax preparer that prepares authorized tax documents for more than ten different taxpayers. This bill would also keep consistent the terminology used in connection with these requirements.

Extending these provisions will prevent the State from reverting back to the previous thresholds of 100, which would result in a decline of e-filed returns in the 2014 tax filing season and would also maintain the requirement for tax filing seasons beyond tax year 2013 that PIT self-filers using tax software to prepare their returns must e-file them.

Overall, this bill would maintain for future years the cost savings realized by the State by increasing e-filing. E-file and e-pay of taxes create cost and tax administration efficiencies beneficial to both the State and taxpayers. A taxpayer’s use of e-file and e-pay reduces the number of errors that may be associated with the filing of a paper return, because an error can be immediately detected and the taxpayer prompted to correct and resubmit the return. The taxpayer also gets an official acknowledgement when the return has been received. E-filed tax returns are processed more quickly than paper, potentially resulting in faster issuance of refunds. Moreover, increased use of e-file and e-pay would increase cost savings to the State, because administrative cost savings accrue with each and every tax document e-filed with the Department. This bill would make permanent these very important provisions, which would otherwise expire on December 31, 2013.

b. <u>Improving Sales Tax Compliance</u>

Part U of Chapter 61, Laws of 2011 amended §1137 of the Tax Law to authorize the Commissioner to require vendors that failed to collect, truthfully account for, or pay over sales tax monies, or to file returns as required by law, to take actions the Commissioner deems necessary to ensure that sales tax monies are paid, including giving notice to such vendor requiring more frequent payment of tax. Vendors were also required to set up separate bank account into which only sales tax moneys are deposited at least weekly, and the Department was authorized to debit that account.

The Department implemented this program on a limited basis beginning in July 2011. Initial results showed improved vendor compliance.

The bill would continue an effective tool to ensure that trust tax moneys paid by consumers to vendors are paid promptly to the Department and not diverted for other purposes. The segregated account provisions are currently set to expire December 31, 2013. This bill would make permanent these very important provisions of the Tax Law.

Budget Implications:

Enactment of this bill is necessary to implement the 2013-2014 Executive Budget because it would increase All Funds receipts by $6 million in SFY 2013-14, and $22 million annually thereafter.

Effective Date:

This bill would take effect immediately upon enactment.

Part I – Establish Tax-Free Sales and the Sale of Alcoholic Beverages at Taste-NY Facilities.

Purpose:

To support the promotion of New Yorks' local-grown and produced products, this bill would exempt from sales and use taxes receipts from sales of tangible personal property and food and drink where the sale is made at a Taste-NY facility and make changes to the Alcoholic Beverage Control Law to allow the sale of alcoholic beverages at these facilities.

Statement in Support, Summary of Provisions, Existing Law, and Prior Legislative History:

This bill would implement a component of a comprehensive strategy including the expansion of markets for our growers and producers, and improving rural economies, by creating a sales tax exemption for sales made at Taste-NY facilities and allow the sale of all types of alcoholic beverages at these facilities. Tangible goods and food and beverages sold at these facilities would be predominantly New York-made products.

Section 1 states the Legislative intent of the bill to encourage economic development and job creation by the establishment of Taste-NY facilities. These facilities would showcase New York-made products, but would also sell products made outside the State.

Section 2 of the bill would define a Taste-NY facility for sales tax purposes as a facility operated by a person designated by and pursuant to an agreement with a state agency (such OGS), public authority (such as the Thruway Authority or the MTA) or an interstate agency or public corporation created by a compact or agreement with another state or Canada (such as the Port Authority), from which sales are made of tangible personal property or food and drink, whether or not for on premises consumption.

Section 3 of the bill would exempt from sales and use taxes sales made at a Taste-NY facility of tangible personal property.

Section 4 of the bill would exempt from sales and use tax sales made at a Taste-NY facility of food and drink for on-premises consumption and other types of prepared food that would otherwise be subject to sales tax (e.g., food sold in a heated state, sandwiches, food not commonly sold in grocery stores).

Section 5 of the bill would amend the Alcoholic Beverage Control Law by adding a new section 63-b that creates the “special license to sell alcoholic beverages at retail for consumption off the licenses premises.” This license will be available only to persons who have been designated to operate a Taste-NY facility pursuant to an agreement with a state agency, public authority, or an interstate agency or public corporation created pursuant to an agreement or compact with another state or the Dominion of Canada. Unlike other retail off-premises licenses, establishments licensed under section 63-b will be able to sell all alcoholic beverages. The new statute also provides that licenses issued under section 63-b would not be subject to certain provisions that govern establishments with off-premises liquor and wine licenses. Specifically, the establishments would not be subject to the “200-Foot Law” (regarding proximity to schools and places of worship) and restrictions on the store’s location with respect to public thoroughfares and the number of entrances to the store. The licensees would also be exempt from the “tied house laws” that prohibit retail licensees from having an interest in an entity that manufactures or wholesales alcoholic beverages. Businesses operating under section 63-b would also be able to conduct tastings of the alcoholic beverages that they sell.

Section 6 of the bill would amend section 66 of the Alcoholic Beverage Control Law to provide a $500 annual license fee for a license issued under section 63-b.

Section 7 of the bill would amend section 67 of the Alcoholic Beverage Control Law, which states the duration of licenses to sell liquor, to provide a three-year term for a license issued under section 63-b.

Section 8 of the bill would amend section 56-a of the Alcoholic Beverage Control Law, which sets the fees for filing applications for licenses, to provide for a $200 initial license application fee and a $90 renewal application fee for a license issued under section 63-b.

Section 9 of the bill would amend paragraph a of subdivision 1 of section 101 of the Alcoholic Beverage Control Law to allow manufacturers and wholesalers to have an interest in a business licensed under section 63-b. This provision, together with the exemption contained in section 63-b, will allow a person holding a manufacturing or wholesale license to obtain a retail license under section 63-b.

Section 10 of the bill would provide that if any provision of the bill is finally adjudged by a court of competent jurisdiction to be invalid or unconstitutional, such judgment will not affect, impair or invalidate the remainder of the bill, and the provisions of State law in effect prior to the date on which the bill becomes a law would not be affected by any such judgment.

Section 11 of the bill would provide that it would take effect immediately, provided that the sales tax exemptions created by sections 3 and 4 of the bill would take effect on the first day of a sales tax quarter beginning at least 30 days after the bill becomes a law.

Under existing law, sales of tangible personal property, food or drink for on-premises consumption, and certain other types of prepared foods are subject to sales tax. This is true whether or not the seller is acting under an agreement with the State or one of its agencies or instrumentalities. This bill would exempt these items when sold at a Taste-NY facility operated by a person designated by and pursuant to a written agreement with a state agency, public authority, interstate agency or compact entity. These facilities would also provide a venue to showcase New York-made goods.

Under existing law, the Alcoholic Beverage Control Law provides for four types of retail off-premises licenses: (1) beer only; (2) beer and wine products; (3) liquor and wine; and (4) wine. Each type of license also carries with it the right to sell cider. Currently, the only licensed establishments where liquor, wine, beer and cider can all be purchased at retail for off-premises consumption are farm wineries, farm distilleries and farm breweries. Those licensees can only sell "New York state labeled" alcoholic beverages. The Alcoholic Beverage Control Law also limits the ability of off-premises retailers to conduct tastings. The "tied house laws" prohibit licensed retailers from having any interest in a business that manufactures or wholesales alcoholic beverages, and licensed manufacturers and wholesalers of alcoholic beverages from having any interest in a retail business. This bill would allow Taste-NY facilities to sell all types of alcoholic beverages and conduct limited tastings.

<u>Budget Implications</u>:

Enactment of this bill is necessary to implement the Taste-NY initiative. It has a minimal impact on sales and use tax receipts and alcohol beverage license fee receipts in SFY 2013-14 and annually thereafter.

<u>Effective Date</u>:

This bill would take effect immediately, provided that the sales tax exemptions created by sections 3 and 4 of the bill would take effect on the first day of a sales tax quarter next commencing at least 30 days after it becomes a law and would apply in accordance with the applicable transitional provisions in sections 1106 and 1217 of the Tax Law.

Part J – IDA reform for State sales tax exemption benefits.

<u>Purpose</u>:

This bill would reform current Industrial Development Authority (IDA) practices of providing financial assistance with respect to State sales and use tax benefits by requiring State approval of such benefits, providing greater oversight of the use of such benefits, and promoting consistency with State and regional economic development goals.

<u>Statement in Support, Summary of Provisions, Existing Law, and Prior Legislative History</u>:

The bill would make needed changes to the IDA provisions to reform how IDAs provide State sales and use tax benefits to projects and how those projects claim those benefits. The bill would provide that an IDA cannot grant State sales and use tax exemption benefits for any project or to any agent or project operator unless the agent or project operator has been certified as a participant in the Excelsior Jobs Program, or is a business that would be eligible to participate in such Program. Before an IDA could award state sales and use tax benefits to an IDA project, the Commissioner of Economic Development would need to determine, in consultation with the Regional Economic Development Council, that the benefit plan for that project is consistent with regional economic development strategies. An IDA could not provide State tax benefits greater than those approved by the Commissioner of Economic Development for the project. If the IDA does so, those benefits would be void from the inception, and an agent, project operator, or other person or entity that obtained such benefits would be required to pay such tax benefits to the Tax Commissioner. Currently, IDAs can provide State sales and use tax benefits to projects without State approval.

The bill would also provide that State sales tax benefits could not be taken as up-front exemptions on the purchase of property or services. Rather, the agent or project operator would need to submit a claim for credit or refund to obtain those benefits. The bill would also provide that if an IDA sets up a payment in lieu of taxes (PILOT) agreement for State sales and use taxes, the IDA must remit those payments to the State. If an IDA recaptures State sales and use tax monies from its agent or project operator, it would be required to turn such monies over to the Tax Commissioner as State sales or use taxes. Currently, IDAs are not required to turn over to the State payments in lieu of State sales or use taxes, and an IDA that recovers State tax monies may retain them for itself.

The bill would require an IDA to send a notice to the Tax Department when the IDA's appointment of an agent/project operator has expired or been revoked. Currently, the

IDA must send a statement to the Tax Department that it has appointed the agent/project operator but is not required to give notice that the appointment has expired or was revoked before the original appointment said it would terminate. This provision would help to ensure that IDA agents/project operators cannot make purchases exempt from State or local sales and use taxes after their authority is revoked or expired.

Budget Implications:

Enactment of this bill would increase All Funds sales and use tax receipts by $7 million in SFY 2013-14 and $13 million annually thereafter.

Effective Date:

This bill would take effect immediately and apply to (a) any IDA project established, agent or project operator appointed, financial assistance provided, and agreement regarding payments in lieu of taxes entered into, on or after the bill's effective date, (b) any amendment or revision made on or after the bill's effective date to any project established, agent or project operator appointed, financial assistance provided, or payment in lieu of taxes entered into, prior to that date, (c) any State sales and compensating use tax exemption benefits recovered, recaptured, received, or otherwise obtained by an IDA on or after the bill's effective date, and (d) any payments in lieu of State sales and compensating use taxes that an IDA receives on or after the bill's effective date.

Part K – Make technical amendments to the tax classification of uncompressed natural gas.

Purpose:

This bill would create a sales and use tax exemption, under Article 28 of the Tax Law, for natural gas that is purchased and converted into compressed natural gas (CNG) for use or consumption in the engine of a motor vehicle.

Statement in Support, Summary of Provisions, Existing Law and Prior Legislative History:

Presently, CNG is exempt from motor fuel excise, petroleum business, and State and local sales taxes when sold for consumption or use exclusively in the engine of a motor vehicle. However, under current law, when natural gas is purchased from a supplier in an uncompressed state, the purchaser must pay applicable State and local sales taxes on the purchase of the natural gas from its commodity supplier, even if the purchaser will subsequently convert the natural gas to CNG for use in the engine of a motor vehicle. The legislative intent of the CNG fuel tax exemption is to encourage the development of a non-petroleum fuel market in the state. This bill would remove the unintended sales tax imposition on purchases of uncompressed natural gas intended for conversion into CNG for subsequent self use in the engine of a motor vehicle or sale for use in the engines of motor vehicles.

Section 1 would amend Tax Law § 1115(a)(42) to exempt the purchase from sales and use tax of natural gas to be converted into CNG for use or for sale for use in the engine of a motor vehicle.

Budget Implications:

This bill would decrease All Funds tax receipts by a minimal amount.

Effective Date:

This bill would take effect on the first day of a sales tax quarterly period first beginning after the bill becomes a law.

Part L – Equalize fuel tax treatment for volunteer ambulance services, fire companies, fire departments and rescue squads.

Purpose:

This bill would allow volunteer ambulance services, volunteer fire companies, volunteer fire departments and volunteer rescue squads to claim a reimbursement of the Article 13-A petroleum business tax for fuel used in their vehicles.

Statement in Support , Summary of Provisions, Existing Law and Prior Legislative History:

Presently, volunteer ambulance services, volunteer fire companies, volunteer fire departments, and volunteer rescue squads are allowed to claim a reimbursement of the Article 12-A excise tax and the Article 28 and 29 sales and compensating use taxes for fuel used in their vehicles. This bill would extend the reimbursement to cover the Article 13-A petroleum business tax.

Section 1 would provide the new reimbursement in a new subdivision (p) of Tax Law section 301-c. To qualify, the entity must be the purchaser, user or consumer of the motor fuel or diesel motor fuel and use it in a vehicle owned and operated by it exclusively for its purposes.

Budget Implications:

This would decrease All Fund tax receipts by a minimal amount and have no significant impact on the fiscal plan.

Effective Date:

This bill would take effect on the first day of the first month next occurring 60 days after this bill is enacted.

Part M – Update Criteria for Refusal and Revocation of a Sales Tax Certificate of Authority.

Purpose:

This proposal would amend the Tax Law to create consistency between the grounds for refusal and revocation of a sales tax Certificate of Authority (COA) and clarify the consequences for operating without a valid COA.

Statement in Support, Summary of Provisions, Existing Law, and Prior Legislative History:

Under current law, the grounds for refusal of a COA and the grounds for revoking an existing COA are inconsistent. Certain vendors with large tax liabilities have learned to exploit these loopholes to avoid paying these liabilities and complying with the Tax Law.

Additionally, the Tax Law currently allows the Department to refuse to issue a COA if the business entity (or a sole proprietor) has an unpaid fixed and final liability for any type of tax. However, for "responsible persons" (including officers, directors, partners, members of LLCs, and others responsible for the operation of the business) the Department can only consider unpaid fixed and final sales and use tax liabilities. This allows a business to apply for a COA without naming a responsible person with other tax debts, but add later that person to the business' tax account.

Existing law also makes it difficult to stop abuses by some of the most egregious repeat tax offenders. A COA can be revoked or denied if the applicant committed a crime under the Tax Law, but not for convictions for tax-related crimes under the Penal Law, federal tax crimes, or tax crimes in other states, and only within 1 year of the conviction. The civil penalties for operating a business without a valid COA have not been increased since they were first enacted in 1985, which greatly reduces their deterrent effect. Moreover, the civil and criminal penalties for operating without a COA make no distinction between willful and negligent violations of this requirement.

To prevent these abuses, the bill would amend Tax Law §1134(a)(4)(A) and (B) to make grounds for revoking a COA consistent with the grounds denying a COA application. This bill would also allow the Department to refuse to issue a COA for any unpaid tax finally determined to be due from a responsible person, not just for that person's unpaid sales and use taxes as under current law.

The bill would also authorize the Commissioner to refuse or revoke a COA within 5 years of the date the applicant was convicted of a crime under New York Tax or Penal Laws, or the tax or penal laws of the United States or any other state, where the crime of which the applicant was convicted would be a crime under the Tax Law if it were committed in New York.

The bill would update Tax Law section 1145(a)(3)(i) so that persons who willfully operate a business without a COA would be subject to stiffer penalties than those who do so for reasons other than willful failure. A business that willfully continues to operate after its application for a COA was denied or revoked would face civil financial penalties of up to $50,000.00. Moreover, Tax Law §1817 would be amended so that the willful operation of a business required to collect tax where the COA was revoked, suspended, or refused, or where the applicant was notified of the deemed expiration of the COA would be increased from a misdemeanor to a criminal tax fraud act in the fourth degree.

Budget Implications:

Enactment of this bill would increase All Funds receipts by $1 million in SFY 2013-14 and annually thereafter.

Effective Date:

This bill takes effect immediately upon enactment.

Part N – Expand the cigarette and tobacco retailer registration clearance process.

Purpose:

This bill would amend the Tax Law to allow the Department of Taxation and Finance to refuse a Certificate of Registration to retail dealers of cigarettes and tobacco products if they have certain tax liabilities or have been convicted of a tax crime within one year of applying for or renewing a Certificate of Registration.

Statement in Support , Summary of Provisions, Existing Law and Prior Legislative History:

Retail dealers of cigarettes and tobacco products are required to obtain and annually renew a Certificate of Registration under Article 20 of the Tax Law, and are also required to obtain a sales tax Certificate of Authority. However, current law does not allow the Department to refuse to issue a Certificate of Registration, as it does for a sales tax Certificate of Authority, if any tax finally determined to be due from the applicant (i.e., the business entity) under the Tax Law has not been paid in full; or sales or use taxes due from persons required to collect tax on behalf of this entity, or another entity for which the person was also required to collect tax, has not been paid in full; or the applicant or persons required to collect tax on behalf of this entity have been convicted of a crime under the Tax Law within a year of submitting their application. This bill would allow the Department to refuse to issue a Certificate of Registration in these instances. Making the grounds for refusal of a Certificate of Registration consistent with the grounds for refusing to issue a sales tax Certificate of Authority would prevent persons recently convicted of tax crimes from obtaining a Certificate of Registration, enable the Department to efficiently collect on additional past due tax liabilities, and would allow integration of the registration clearance processes.

Section 1 would integrate Tax Law section 1134 (a)(4)(B)(i),(ii),(iii),(iv), and (v) to provide the Department with the discretion to refuse to issue a Certificate of Registration if tax liabilities that are finally determined to be due are unpaid, or if or the applicant or persons required to collect tax on behalf of this entity have been convicted of a crime under the Tax Law within a year of submitting their application. It would also allow the Department to let the applicant know, if the request is provided in writing, the name of the person whose tax liabilities are at issue.

Section 2 would conform the language to allow for the integration of Tax Law section 1134 (a)(4)(B)(i),(ii),(iii),(iv), and (v).

Budget Implications:

Enactment of this bill is necessary to implement the 2013-2014 Executive Budget because it would increase All Funds receipts by $1 million in SFY 2013-14 and annually thereafter.

Effective Date:

This bill would take effect immediately and apply to Certificate of Registration applications filed for calendar year 2014 and thereafter.

Part O – Increase the civil penalty for possessing unstamped cigarettes.

Purpose:

This bill would increase the penalty for possessing or controlling unstamped or unlawfully stamped cigarettes from a maximum of $150 to $600.

Statement in Support , Summary of Provisions, Existing Law and Prior Legislative History:

The maximum penalty for possessing or controlling unstamped or unlawfully stamped cigarettes under Tax Law section 481(1)(b)(i) has been $150 per carton in excess of five cartoons (or fraction thereof) since 2000. This penalty has not been increased since that time, even though the current cigarette excise tax is almost four times the rate that was imposed in 2000. With the cost of cigarettes reaching $100 per carton in New York, the market for unstamped and, thus, untaxed cigarettes continues to draw people willing to make these sales, even though they are risking civil and criminal penalties for the possibility of making quick, easy money. This bill would increase the penalty to reflect the increase in the excise tax on cigarettes and to strengthen its deterrent effect in the current environment.

Section 1 would increase the maximum penalty for possessing or controlling unstamped or unlawfully stamped cigarettes under Tax Law section 481(1)(b)(i) from $150 per carton in excess of five cartoons (or fraction thereof) to $600.

Budget Implications:

Enactment of this bill is necessary to implement the 2013-14 Executive Budget because it would increase All Funds tax receipts by $9 million in SFY 2013-14 and $12 million annually thereafter.

Effective Date:

This bill would take effect on June 1, 2013.

Part P – Suspend delinquent taxpayers' driver's licenses.

Purpose:

This bill would create a new program to aid in the enforcement of past-due tax liabilities by suspending the New York State driver's licenses of taxpayers who owe certain past-due tax liabilities.

Statement in Support, Summary of Provisions, Existing Law, and Prior Legislative History:

This bill would authorize the Commissioner of Taxation and Finance and the Commissioner of Motor Vehicles to establish a new program to aid in the enforcement of delinquent tax liabilities by suspending a taxpayer's driver's license when that taxpayer owes more than $10,000 in tax liabilities.

This bill is not intended to deny taxpayers the ability to work, pursue educational opportunities or seek medical treatment for themselves or the members of their household. For this reason, a person whose license is suspended as a part of this program may apply for a restricted use license pursuant to the provisions of the Vehicle and Traffic Law. If the only issue leading to the suspension is the taxpayer's unpaid tax liabilities, the Department of Motor Vehicles will be required to issue a restricted use license. Moreover, the license suspension would be lifted once the taxpayer pays their past-due tax liabilities or enters into an installment payment agreement or otherwise makes payment arrangements satisfactory to the Commissioner of Taxation and

Finance. Due to certain federal preemption issues, a restricted license is not available to drive a commercial motor vehicle. To protect the ability of taxpayers holding such licenses to earn a living, it is necessary to exclude commercial driving licenses from the scope of the bill.

Protections are added to the Insurance Law to prohibit insurers from using the fact that a taxpayer's license is suspended pursuant to this program from either (a) increasing policy premiums, or (b) using such suspension as a ground to cancel, decline or refuse to issue a motor vehicle insurance policy.

The provisions of this bill are largely based upon a successful motor vehicle license suspension program created by Chapter 81 of the Laws of 1995 to assist in the collection of delinquent child support obligations.

Budget Implications:

Enactment of this bill would increase All Funds tax receipts by $26 million in SFY 2013-14 and $6 million annually thereafter.

Effective Date:

This bill takes effect immediately upon enactment.

Part Q – Amend wage garnishment.

Purpose:

This bill would authorize the Commissioner of Taxation and Finance to serve income executions (wage garnishments) on individual tax debtors and, if necessary, on their employers without the necessity of filing a warrant.

Statement in Support, Summary of Provisions, Existing Law, and Prior Legislative History:

This bill would authorize the Commissioner of Taxation and Finance to serve income executions (wage garnishments) on individual tax debtors and, if necessary, on their employers, without having to publicly file a warrant in the appropriate county clerk's office and in the Department of State as is required now. The IRS and the New York State Higher Education Services Corporation have authority to issue wage garnishments without public filing. The Department of Taxation and Finance (the Department) would continue to publicly file warrants if it chooses to pursue other collection methods permitted for the enforcement of money judgments under the Civil Practice Law and Rules (CPLR).

Historically, a negative credit report only compromised an individual's ability to secure credit. In a current trend, however, credit reports may also be relied upon by insurance carriers to establish premium rates and by employers to assess if a job applicant is worthy of employment. Consequently, a publicly filed tax warrant, which is required by law in order for the Department to undertake any collection method, may be unnecessarily harsh on a taxpayer from whom collection may be made by wage garnishment.

Providing the Department with the authority to garnish wages without filing a warrant will enable the Department to act more quickly to collect taxpayers' debts. The Department would continue to follow the two-step process for income executions spelled out in the CPLR. Service would first be made solely on the taxpayer and the employer would only be served if the taxpayer does not voluntarily pay over the required percentage (not to exceed ten percent) of his or her wages.

Budget Implications:

Enactment of this bill is necessary to implement the 2013-2014 Executive Budget by increasing tax revenues by $10 million annually beginning in SFY 2013-14

Effective Date:

This bill takes effect immediately upon enactment.

Part R – Allow local governments to extend existing sales tax rates without State legislative approval.

Purpose:

This bill would amend the Tax Law to make permanent the authority for counties to impose their current additional rates of sale and compensating use taxes for two-year periods and require counties to adopt those additional rates by a majority vote of the county legislative body. The bill would also conform numerous related Tax Law provisions.

Statement in Support, Summary of Provisions, Existing Law, and Prior Legislative History:

This bill would amend Article 29 of the Tax Law to make permanent the authority for counties to impose their existing additional rates of sales and use taxes and would obviate the need for counties to obtain approval through the State legislative process every two years. Nonetheless, a county would still have to adopt a local enactment by a majority vote of its governing body every two years to impose its additional rate above 3%, just as it must now.

Currently, nearly all counties have authority to impose an additional rate of sales and use taxes, for a two-year period that expires November 30, 2013. Most of these additional county rates are 1%, though some are lower and five are higher. The bill would not extend or change the additional rate authority of cities, though it recodifies the provisions relating to the five cities that are authorized to impose an additional rate. Additionally, this bill would not change current laws that require counties to adopt home a rule message and obtain approval through the State legislative process before they may increase sales and compensating use taxes above their current additional tax rate.

The bill also amends and recodifies other related provisions of Article 29 of the Tax Law to conform them to the above described provisions.

Budget Implications:

Enactment of this bill is necessary to implement the 2013-2014 Executive Budget. Local sales tax rates should be considered in the context of statewide tax policy, which is part of the State Budget process.

Effective Date:

This bill takes effect immediately upon enactment.

Part S – Eliminate remaining Quick Draw restriction.

Purpose:

This bill would eliminate the restrictions on the sale of Quick Draw tickets in order to increase revenue earned for aid to education in the State.

Statement in Support, Summary of Provisions, Existing Law, and Prior Legislative History:

This bill would increase Quick Draw earnings by eliminating limitations on the locations where Quick Draw may be offered. The restrictions imposed on Quick Draw by the 1995 authorizing legislation were experimental. In practice, the restrictions have proved cumbersome and unnecessary, and have substantially reduced the amount of earnings that would otherwise be generated by the game. New York is the only State with these limitations on Quick Draw style-games.

Revenue from Quick Draw ticket sales increased after the 25% food sales requirement was removed as part of the 2012-13 Enacted Budget. As with the food sales restriction, the 2,500 square foot limitation has the effect of arbitrarily limiting Quick Draw sales. Additionally, the age that a person may play Quick Draw in any establishment that serves alcoholic beverages should conform to the age restriction for all other Lottery games. Eliminating these restrictions will strengthen the game's ability to produce additional sales and earnings.

The Quick Draw restrictions were intended to protect against the possibility that Quick Draw would be abused by players. However, after more than 15 years' experience, Quick Draw has proved to be no more likely to be abused than other Lottery games. Following the authorization of Quick Draw in 1995, the State authorized video lottery gaming, which offers a much faster paced form of gaming. In this environment, the limitations on Quick Draw are an unnecessary impediment to the further expansion of the game.

Section 1 of the bill would amend Section 1612(a)(1) of the Tax Law to eliminate: (i) the restriction limiting sales of Quick Draw tickets to premises larger than 2,500 square feet, (ii) the restriction requiring that a person must be 21 years of age to play Quick Draw on premises where alcoholic beverages are served, and (iii) an obsolete authorization of emergency rulemaking power.

Budget Implications:

Enactment of this bill is necessary to implement the 2013-14 Executive Budget because it would increase All Funds revenue by $12 million in SFY 2013-14 and $24 million annually thereafter.

Effective Date:

This bill would take effect immediately upon enactment.

Part T – Extend Monticello Casino and Raceway video lottery terminal venue distribution rates.

Purpose:

This bill would extend for one year the current distribution of video lottery gaming revenue at Monticello Casino and Raceway (Monticello).

Statement in Support, Summary of Provisions, Existing Law, and Prior Legislative History:

This bill would extend for one year the current commission rate paid to Monticello as a video lottery agent. In 2008, Monticello was given a higher commission rate for a five-year period in exchange for opting out of participation in the vendor's capital award program; thus, the five-year rate sunset was applied to coincide with the five year period other facilities were provided for approval of capital expenditures eligible for reimbursement through the program. Chapter 454 of the Laws of 2012 extended the approval period for the vendor's capital award program by one year, and did not anticipate inclusion of Monticello in the program. Since the expiration of Monticello's rate would result in loss of the enhanced commission, but would not provide for participation in the capital award program, this bill would extend Monticello's rate for an additional year to maintain the original framework of Monticello's rate structure.

Budget Implications:

Enactment of this bill is necessary to implement the 2013-14 Executive Budget because it would decrease All Funds revenue by $3 million in SFY 2013-14.

Effective Date:

This bill would take effect April 1, 2013.

Part U – Make certain tax rates and authorization for account wagering permanent.

Purpose:

This bill would make permanent various provisions of the Racing, Pari-Mutuel Wagering and Breeding (Racing) Law which expire during the 2013-14 fiscal year.

Summary of Provisions, Existing Law, Prior Legislative History, and Statement in Support:

Section 1 would amend Racing Law § 1003(a) to remove the June 30, 2013 expiration date for in-home simulcasting.

Section 2 would amend Racing Law §1007(3)(d) to make permanent the current percentage of total pools allocated to purses that a track located in Westchester County receives from a franchised corporation, which currently are scheduled to expire on June 30, 2013.

Section 3 would repeal Racing Law § 1014, which is rendered superfluous by the making of Racing Law § 1018 permanent.

Section 4 would amend Racing Law § 1015(1) to make permanent the provisions governing the simulcasting of races conducted at out-of-state harness tracks, which currently are scheduled to expire on June 30, 2013.

Section 5 would amend the opening paragraph of Racing Law §1016(1) to make permanent the provisions governing the simulcasting of out-of-state thoroughbred races on any day the Saratoga thoroughbred track is closed, which currently are scheduled to expire on June 30, 2013.

Section 6 would amend the opening paragraph of section 1018 of the racing, pari-mutuel wagering and breeding law to make permanent the current distribution of revenue from out-of-state simulcasting during the Saratoga meet, which expired on September 8, 2012.

Section 7 would amend § 32 of chapter 281 of the Laws of 1994 to make permanent the current amount of off-track betting wagers on New York Racing Association, Inc. (NYRA) pools dedicated to purse enhancement, which currently expire on June 30, 2013.

Section 8 would amend § 54 of chapter 346 of the Laws of 1990 to make permanent binding arbitration for disagreements. These provisions currently expire on June 30, 2013.

Section 9 would amend Racing Law § 238(1)(a) to make permanent the current distribution of revenue from on-track wagering on NYRA races, which currently is scheduled to expire on December 31, 2013.

Section 10 would repeal Racing Law § 1012(5) to make permanent the authorization for account wagering, which is currently scheduled to expire on June 30, 2013.

Making these provisions permanent would maintain the pari-mutuel betting and simulcasting structure that is currently in place in New York State. The provisions made permanent by sections one through six of this bill were first enacted in 1994 and section seven was enacted in 1990. These provisions were extended numerous times since their original enactment, and most recently in 2012.

Budget Implications:

Enactment of this bill is necessary to implement the 2013-2014 Executive Budget because it maintains the current pari-mutuel betting structure in New York State.

Effective Date:

This bill would take effect immediately upon enactment.

The provisions of this act shall take effect immediately, provided, however, that the applicable effective date of each part of this act shall be as specifically set forth in the last section of such part.