



2. Tax Reform, Revenue Actions, and STAR

Overview

The Executive Budget creates a new program to provide direct property tax relief to those New Yorkers who need it most, continues efforts to improve New York's business climate, and simplifies the tax code. The Budget strengthens the State's tax revenue enforcement efforts and closes unintended tax loopholes to improve the fairness of the tax system. Actions in the Budget will provide \$386 million in relief to taxpayers in 2016-17, with the value increasing to nearly \$1.8 billion when fully annualized.

The Executive Budget builds upon four years of tax relief accomplishments, including the enactment of a property tax cap, the property tax freeze credit, the lowest middle class income tax rate in 60 years,

elimination of the MTA payroll tax for more than 700,000 small businesses and the self-employed, creation of a new family tax relief credit, tax cuts for small businesses and manufacturers, reforms to unemployment insurance and workers compensation insurance, new START-UP NY tax free zones, and the most important overhaul of corporate taxes in seven decades.

This Budget continues the effective fiscal management of the previous four years and adherence to the 2 percent spending limit which will further improve the State's fiscal position and allow for scheduled surpluses to be used for responsible levels of tax relief.

Tax Credits

The Executive Budget presents five tax credit proposals that will provide \$386 million in direct tax relief by 2016-17, with the value increasing to nearly \$1.8 billion when fully annualized.

- **Provide Income Based Property Tax Relief Tied to the Property Tax Cap.** The property tax cap and the property tax freeze credit have been successful in constraining the growth of property taxes, but for many New Yorkers, property taxes

remain unaffordable. Building on these programs, the Executive Budget creates a new Real Property Tax Credit available to households with incomes below \$250,000 whose property taxes exceed 6 percent of their income. The credit is valued at up to 50 percent of the amount by which property taxes exceed the 6 percent burden threshold, depending on household income. When fully phased-in, more than 1.3 million State taxpayers will receive an average credit of \$950. Outside of New York City, only the taxes levied by a tax cap-compliant jurisdiction are included in the credit calculation.

The program also includes a renters' credit, based upon the assumption that a significant portion of annual gross rent is attributed to property taxes. The credit is available to taxpayers at incomes up to \$150,000 when the amount of rent attributed to property taxes exceeds 6 percent of their income.

All facets of the program will be phased in over four years, and only school taxes will apply in the first year. When phased-in, the program will provide \$1.7 billion in direct property tax relief. More than half of the full benefit will be phased-in by Tax Year 2016, and 81 percent will be phased-in by Tax Year 2017.

- **Establish the Education Tax Credit.** A new Education Tax Credit is created which reflects contributions to public education entities, school improvement organizations, local education funds, and educational scholarship organizations. The educational scholarship

organizations must provide benefits to pupils at three or more public or nonpublic schools. Corporation franchise and individual taxpayers will receive a nonrefundable credit equal to 75 percent of their authorized contributions, up to a maximum annual credit of \$1 million. The program will be capped at \$100 million in aggregate education tax credits annually. Half of the annual cap will be dedicated to public education entities, school improvement organizations, and local education funds. The other half will be allocated to educational scholarship organizations that provide support to low- and middle-income students to attend a public school outside of their district or a nonpublic school. The establishment of this credit is contingent on passage of the DREAM Act.

- **Create the Urban Youth Jobs Program.** This program builds and expands upon the success of the Youth Works Tax Credit Program, which provides a credit to employers who hire unemployed, at risk youth. The annual allocation is doubled to \$20 million for tax years 2015 through 2018 with a focus on jurisdictions with high youth unemployment.
- **Create the Employee Training Incentive Program (ETIP) Tax Credit.** The ETIP would help strategic businesses in New York State meet critical training needs by equipping them with the resources necessary to train employees to fill new jobs or to retrain existing employees to work with new, advanced technology where an employer must make a significant capital investment in order to remain competitive. ETIP

incentives will be available to offset employer training costs by providing up to \$5 million in tax credits out of existing Excelsior Jobs Program funding to support 50 percent of training costs. To be eligible to apply for the training tax incentive, an employer in a strategic industry must be creating at least 10 net new jobs or make a significant capital investment of at least \$1 million in new business processes or equipment that necessitate “upskilling.” Training programs must be approved by the State Department of Labor (DOL).

- **Extend the Excelsior Tax Credit Program to Entertainment Companies.** Eligibility for the Excelsior Jobs Program is expanded to include entertainment companies that create at least 100 net new jobs and makes a significant investment in New York.

Tax Cut and Reform Actions

The Executive Budget presents seven tax cut and reform proposals that, together, would produce \$44 million in additional tax revenue on an All Funds basis in 2016-17.

- **Reduce the Net Income Tax on Small Businesses.** Small businesses account for 43 percent of all private sector jobs in New York. The Budget reduces the net income tax rate from the current 6.5 percent to 2.5 percent over a three year period for small businesses that file

under Article 9-A. The rate will be reduced to 3.25 percent for tax year 2016, to 2.9 percent for tax year 2017 and to 2.5 percent for tax years beginning after 2017.

For the purpose of this tax cut, the definition of “small business” is a business with fewer than 100 employees, with net income below \$390,000. To avoid a “cliff” and stay consistent with how the dual rates are treated under current law, the lowest tax rates would be available to small businesses having below \$290,000 in net income, and the rate is phased up to the standard rate applicable to businesses with net income of \$390,000 or more.

This cut follows four years of tax relief accomplishments helping small businesses, including the enactment of a property tax cap, the lowest middle class income tax rate in 60 years, elimination of the MTA payroll tax for more than 700,000 small businesses and the self-employed, tax cuts for small businesses and manufacturers, reforms to unemployment insurance and workers compensation insurance, and major corporate tax reforms.

- **Extend the Wine Tasting Sales and Use Tax Exemption to Other Alcoholic Beverages.** Currently, wine tastings are exempt from the sales tax. The Budget extends this exemption to include beer, cider and liquor. The beer, wine and spirits industry has created nearly 1,600 jobs since mid-2011.
- **Reform the Investment Tax Credit provided for Master Tapes.** Master tapes are an original version of a video tape of a film, television show

or commercial that can be used to produce other copies. Currently, the Investment Tax Credit applies to all costs associated with the production of master tapes regardless of where activities took place. The Budget would limit eligibility to costs associated with producing master tapes that were incurred in New York.

- **Reform the Industrial Development Authority (IDA) Program.** IDAs are intended to encourage economic development and job growth. However, IDAs provide State sales tax benefits without State oversight, and benefits are not currently returned when job targets are unmet. Under this proposal, the Empire State Development (ESD) Corporation will be authorized to approve any future IDA projects that contain State sales tax benefits based on job and/or investment targets. ESD will also consider whether benefits are being given that provide a competitive advantage over existing similar businesses. In order to receive assistance from an IDA, all newly participating businesses must be tax compliant, and will be subject to a clawback of State sales tax benefits if job/investment targets are not met.
- **Expand Sales Tax Collection Requirements for Marketplace Providers.** Online providers such as Amazon and eBay supply a marketplace for outside sellers to sell their products to consumers. Currently, such outside sellers are required to collect sales tax from New York residents if the seller is in New York. Many marketplace providers agree to collect the tax for the outside seller in this instance. Under this proposal, the marketplace provider would be

required to collect the tax when they facilitate the sale, whether the seller is located within, or outside, New York.

- **Exempt Solar Power Purchase Agreements from State and Local Sales Tax.** Electricity generated at the premises of, and sold to, a customer via solar equipment owned by the equipment vendor will be exempt from State sales and use tax (with local option).
- **Tax Law Article 9 Refunds and Section 184 Assessment.** The Budget requires telecommunications companies with wireless lines of business that are requesting a refund of prior-year Article 9 tax to provide customer refunds first. Article 9 gross receipts taxes are normally passed through to the customer, consistent with the State sales tax. Under State sales tax law, a company must first provide a customer refund of sales tax paid before receiving a refund from DTF. Additionally, the Budget requires that the Section 184 gross receipts tax, on telecommunications, be imposed on the wireless lines of business of telecommunications companies. This would preserve revenue currently in the Financial Plan.

Tax Simplification Actions

The Executive Budget takes a number of actions that will simplify the tax and associated codes and reduce burdens on New York businesses.

- **New York City Corporate Tax Reform.** The Budget updates New York City's corporate tax structure by implementing reforms similar to those the State undertook one year ago. The City's Banking Corporation Tax is merged into the General Corporation Tax to provide tax simplification and relief, and improve voluntary compliance.
- **Combine the DOS Biennial Information Statement and Tax Return Filings and Repeal \$9 DOS Fee.** LLCs and corporations that currently file biennial information statements with the Department of State (DOS) will instead provide the information as part of their tax return. Additionally, the \$9 fee that accompanies the current biennial statement will be repealed.
- **Allow Petroleum Business Tax Refunds for Farm Use of Highway Diesel Motor Fuel.** Farmers who purchase taxable highway diesel fuel will be able to request a refund for the portion used for farm use. This will relieve farmers of the need to maintain separate tanks for taxable and non-taxable diesel fuel.
- **Impose Local Sales Tax on Prepaid Wireless Based on Retail Location.** The local sales tax collection for prepaid wireless will be based on vendor location, not the customer's residential location. This would align the tax treatment of prepaid mobile service and prepaid calling service.

Enforcement Initiatives

The Executive Budget presents a set of 11 enforcement initiatives that will reduce the burden on honest citizens and recover outstanding State debts. These initiatives are expected to recover \$25 million in 2015-16 and \$39 million in 2016-17.

- **Lower the Outstanding Tax Debt Threshold Required to Suspend Delinquent Taxpayers' Driver's Licenses.** The 2013-14 Enacted Budget created a program to aid in the enforcement of past-due tax liabilities by suspending, with certain exceptions, the New York State driver's licenses of taxpayers who owed taxes in excess of \$10,000. This proposal will lower the threshold to \$5,000, which would encompass an additional 11,000 delinquent taxpayers.
- **Allow New York to Enter Reciprocal Tax Collection Agreements with Other States.** Tax authorities in cooperating states (currently Connecticut and California) will attempt to collect New York tax debt from former New York residents in exchange for reciprocal treatment by New York. This will allow New York to bypass the time-consuming and expensive process of seeking a warrant in the court of a cooperating state.
- **Close Certain Sales and Use Tax Avoidance Strategies.** Certain tax loopholes related to the sale for resale exemption, non-resident business

purchases and single-owner entity designation will be closed.

- **Authorize a Professional and Business License Tax Clearance.** In addition to the State's ongoing enforcement tools, the Executive Budget proposes a new program to create a professional and business license tax clearance process. To encourage taxpayers to pay their fair share, the State will be authorized to deny a professional or business license to an applicant who has over \$500 in outstanding tax liabilities.
- **Require New State Employees to be Compliant with State Tax Obligations.** State agencies and authorities will be precluded from hiring employees who are delinquent in their State tax obligations.
- **Require Practitioners to be Compliant with State Tax Obligations before Receiving Excess Medical Malpractice Coverage.** Doctors and dentists will be unable to procure State subsidized Excess Medical Malpractice Insurance if they are not compliant with their State tax obligations.
- **Require Grantees to be Compliant with State Tax Obligations before Receiving a State Grant from a State or Local Authority.** State authorities will be unable to provide a grant to a business which is not compliant with its State tax obligations.
- **Authorize Multi-Agency Data Sharing to Enhance Enforcement Initiatives.** The Department of Taxation and Finance (DTF), the Department of Labor, DOS, and State Insurance

Fund will share data to help these agencies target their audits. Strict confidentiality requirements will apply.

- **Extend Current STAR / Tax Delinquency Program and Convert It from Offset into a Tax Clearance Program.** Currently, if a taxpayer owes more than \$4,500 in tax debt, the taxpayer forfeits the STAR benefit, the value of which is used to offset taxpayer debt. This proposal will continue to eliminate the STAR benefit if debt exceeds \$4,500, but will not apply the value of the benefit towards the debt. The taxpayer can re-apply for STAR benefits once the tax debt is paid off.
- **Allow OCFS to Share Child Care Data with the Department of Taxation and Finance.** The Executive Budget authorizes OCFS to share child care data with DTF, which will allow legitimate credit claims to proceed without delays for additional documentation, and accelerate the auditing process for illegitimate claims.
- **Enhance Motor Fuel Tax Enforcement.** Wholesalers will be required to register and file monthly returns reporting gallons delivered and also to remit any additional prepaid sales tax due for fuel accepted in one prepayment zone but delivered into another. This will improve motor fuel tax compliance.

Tax Law Extenders

- **Make Permanent the Limitation on Charitable Contribution Deductions for High Income New York State and New York City Personal Income Taxpayers.** The current charitable contribution deduction limitation of 25 percent allowed under State Tax Law is scheduled to expire at the end of tax year 2015. The Budget permanently extends this limitation on charitable contribution deductions for New York State and New York City taxpayers with adjusted gross income over \$10 million. The limitation has had no noticeable impact on charitable giving.
- **Make Warrantless Wage Garnishment Permanent.** The Budget makes permanent the authorization for DTF to garnish wages of delinquent taxpayers without filing a warrant with the Department of State or County Clerks. The current program, set to expire on April 1, 2015, has been successful in eliminating the unfunded mandate on counties to receive warrants from DTF. The program has also proven to be taxpayer friendly, since warrants appear on an individual's credit report for seven years, even if the delinquency has been resolved.
- **Extend and Reform the Brownfield Cleanup Program.** The Budget includes legislation to extend the Brownfields Cleanup Program for ten years, contingent upon important reforms to protect taxpayers and promote brownfield redevelopment, particularly Upstate. Under the reformed program the remediation tax credits will cover only the actual cleanup costs. The redevelopment credits will be limited to sites

that are located in economically distressed areas, worth less than the cost to cleanup, or will result in the development of affordable housing.

- **Extend Certain Tax Rates and Certain Simulcasting Provisions for One Year.** The pari-mutuel tax rate and other racing-related provisions are extended for one year.

School Tax Relief (STAR) Program Actions

- **Convert the STAR Benefit into a Tax Credit for New Homeowners.** The Budget simplifies the STAR program by transforming the exemption into a refundable personal income tax credit, allowing school districts to collect revenue without having to wait for reimbursement from the State. This proposal will gradually phase-in for first-time homebuyers and homeowners who move and purchase a new home. Under current law, school districts collect reduced revenue as a result of the STAR exemptions, and the State compensates them for the cost of the exemption.
- **Cap Annual Growth in Basic and Enhanced Exemption Benefit.** This proposal maintains 2015-16 STAR exemption benefits at their 2014-15 levels. This reform is made possible by the significant reduction in property tax growth resulting from Governor Cuomo's property tax cap.
- **Eliminate the New York City PIT Rate Reduction Benefit for High Income Taxpayers.** New York City PIT STAR provides personal income tax relief to all New York City resident taxpayers – a benefit not directly related to

property taxes. Even residents with incomes above \$500,000 get a rate reduction benefit on the first \$500,000 of income. The latter is the only instance of a household with income above \$500,000 receiving a STAR benefit. Eliminating the NYC PIT rate reduction benefit for incomes exceeding \$500,000 makes NYC PIT STAR more consistent with the STAR exemption program outside of NYC.

- **Recoup Savings Retrospectively from Unlawfully Claimed Exemptions Removed during Re-registration Process.** This proposal allows DTF to recapture undeserved STAR benefits for years prior to 2014-15.
- **Allow Unenrolled Registrants to Receive the STAR Exemption Benefit for Tax Year 2014.** Allow homeowners who registered for the STAR exemption program with the Department of Taxation and Finance, but failed to file timely exemption applications with their local assessors, to receive the STAR exemption benefit for tax year 2014.

Technical Corrections

- **Require Commercial Production Tax Credit Economic Impact Report.** Require Empire State Development to produce an annual report that includes information that can be used to assess the economic impact of the program. Information such as the amount of the tax credit, credit eligible man-hours and associated wages and the name of the taxpayer will be included in the annual report.

- **Amend the Corporate Tax Reform Statute for Technical Changes.** Various technical corrections would be made to Part A of Chapter 59 of the Laws of 2014.
- **Amend the Estate Tax Statute for Technical Changes.** Clarify that the 2014-15 Enacted Budget intended the recently adopted estate tax changes are to remain in effect permanently rather than erroneously be in effect only for tax year 2014.
- **Amend the Personal Income Tax, MTA Mobility Tax, and Credit for Disabled Workers Statutes for Technical Changes.** The Budget makes various technical corrections to Personal Income Tax and MTA Mobility Tax legislation, and the credit for employing disabled persons that was passed as part of the 2014-15 Enacted Budget.

Gaming Initiatives

- **Extend the Video Lottery Gaming (VLG) Vendor's Capital Awards Program for One Year.** This proposal provides VLG operators one additional year to earn qualifying capital awards, which encourage facility upgrades and improvements.
- **Expand Electronic Gaming Offerings at Video Lottery Gaming (VLG) Facilities.** Expands the definition of "video lottery gaming" to include games where an element of skill and player interaction may be incorporated into games that determine winners to a material degree upon the element of chance.

- **Extend NYRA Reorganization Board.** The Executive Budget extends the maximum term of the NYRA Reorganization Board of Directors from three years to four years.

Repeal Nuisance Fees

The Executive Budget proposes the repeal of 59 nuisance fees charged by seven different State agencies, saving New Yorkers over \$3 million annually beginning in 2015-16, while retaining the necessary functions that those fees supported.

- **Department of Agriculture and Markets.** Nine fees will be repealed, saving New Yorkers \$40,000 annually beginning in 2015-16.
 - **Commercial Feed License Fee.** This \$100 license fee is collected from manufacturers of commercial feed on an annual basis.
 - **Farm Product Dealer's License Fee.** This \$20 license fee is collected annually from farm product dealers.
 - **Food Salvage Fee.** This \$100 license fee is collected from Food Salvage Dealers every two years.
 - **Liming Brands License Fee.** This \$20 license fee is collected from suppliers of liming materials every two years.
 - **Refrigerated Warehouse Fee.** This \$200 license fee is collected from refrigerated warehouses every two years.

- **Rendering Plants Fee.** This license fee is collected from operators of disposal plants on an annual basis. The annual license fee for disposal plants is \$100, plus an inspection fee of \$10 for each vehicle. The annual license fee for transportation services is \$25, plus an inspection fee of \$10 for each vehicle.
 - **Rendering Transportation Fee.** This license fee is collected from rendering (i.e. animal remains) transportation facilities on an annual basis. The fee amount is \$25 per service and \$10 per vehicle.
 - **Seed Potato Inspection Fee.** This regulatory fee of \$34 is collected annually for the inspection of both seed potato plants and seed potato tubers for the NY Seed Improvement Project.
 - **Soil and Plant Inoculants Fee.** This \$40 license fee is collected every two years for the purpose of selling product brands which contain microorganisms for inoculation purposes.
- **Department of Environmental Conservation.** Two fees will be repealed, saving New Yorkers \$6,000 annually beginning in 2015-16.
 - **Flood Control Permit Fee.** This is a \$25 regulatory fee that is levied upon application of a permit to determine if the proposed activity will impair the operation of flood control works or impede the maintenance thereof, including access for operation and maintenance.

- **Water Well Driller Registration Fee.** This is an application fee of \$10 per permit paid at the time of registration with DEC for water well drilling and/or well service companies.
- **Department of Labor.** A total of 30 fees will be repealed, saving New Yorkers \$243,000 annually beginning in 2015-16.
 - **Antique Boiler Inspection Fees (2).** These are \$25 fees charged to the owners of antique steam engines and other boilers which must be inspected both internally and externally on an annual basis.
 - **Boiler Certificate of Competency Fee.** This is a \$35 regulatory fee charged annually to Inspectors working for authorized insurance companies to obtain a certificate indicating their ability to inspect boilers on behalf of DOL.
 - **Boiler Shop Survey Fee.** This is a \$600 regulatory fee charged every three years to boiler manufacturers and repairers upon submission to DOL of the required plan detailing their quality control system.
 - **Building Plans Exam Fee.** This is a \$200 fee charged to property owners or contractors who submit plans to DOL for review and approval to build or alter a place of public assembly. The fee is based on the cost of the project with a maximum charge of \$200.

- **Commissary Operator Permit Fee.** This is a \$40 fee charged to commissary operators who apply for a one year permit to operate a commissary that serves migrant farm workers at the camp or processing plant where they are employed.
- **Day of Rest Easement Application Fee.** This is a \$40 fee charged to employers that apply for up to a one year exemption from the day of rest statute, which requires employees be given one 24 hour period off from work in each calendar week.
- **Defense Dispensation Fee.** This \$40 fee is charged to defense contractors and canneries that apply for a dispensation from certain provisions of the Labor Law.
- **Farm Grower Permit Fee.** This is a \$40 fee charged to agriculture growers who apply for a one year permit which allows the grower to employ more than five non-H2A migrant farm workers.
- **Farm Labor Contractor Permit Fee.** This is a \$200 fee charged to farm labor contractors that apply for a one year permit to transport and provide non-H2A migrant farm workers to a grower.
- **Industrial Homework Certificates Employer Application Fee.** This is a \$100 fee charged to manufacturers who apply for a one year permit that allows the manufacturer to distribute unfinished material, such as clothing or jewelry, to employees for completion at their homes.

- **Industrial Homework Certificates Homeworker Application Fee.** This is a \$25 fee charged to individuals who apply for a one year permit which enables the individual to accept and perform industrial work in their homes.
- **Laser Regulation Permit Fee.** This is a \$600 regulatory fee charged every three years to organizations that operate lasers, upon registration of mobile lasers and laser installations with DOL.
- **Miniature Boiler Inspection Fee.** This is a \$50 fee charged to the owners of miniature boilers which must be inspected annually.
- **Professional Employer Organization Exemption Fee.** This is a \$250 fee charged to professional employer organizations annually that are already licensed in another state. The organization must have no office and less than 25 employees in New York to qualify for this exemption.
- **Professional Employer Organization Initial Registration and Renewal Fees (2).** This is a \$1,000 initial registration fee charged to professional employer organizations to allow the leasing of employees to businesses in New York. An additional \$500 renewal fee is charged annually.
- **Scaffold Plan Examination Fee.** This is a \$1,000 regulatory fee charged to businesses for each required submission of detailed scaffold equipment plans that

will be used to perform work on buildings taller than 75 feet. DOL reviews the plans to ensure the safety of the equipment.

- **Ski Tows and Passenger Tramways Fees (2).** These \$50 (ski tow) and \$100 (ski lift) regulatory fees are charged to ski areas and other passenger tramway operators at the time of the annual DOL inspection.
- **Slot Machine Repair License Fees (2).** These fees are charged to approved apprenticeship training programs that possess slot machines for training purposes. These programs must seek a permit from DOL and pay a \$500 fee per machine and an additional \$100 fee per trainee every six months.
- **Workplace Safety and Loss Certification Application Fee.** This is a \$1,000 fee charged to individuals who apply and are certified to conduct workplace safety and loss prevention consultations. Fees are lower when multiple individuals apply.
- **Workplace Safety and Loss DOL Consultation Fee.** This is a \$350 fee charged to clients who receive a workplace safety and loss prevention consultation from DOL staff.
- **Workplace Safety and Loss Incentive Application and Renewal Fees (2).** This is a \$100 regulatory fee charged to individuals or businesses who apply for certification as a workplace safety and loss prevention management specialist

and work with employers to reduce workers compensation costs by implementing safety and health, return to work, and/or drug and alcohol prevention programs. The fee is assessed per program for a maximum of \$300 per individual applicant. A \$100 renewal application fee is charged per program every three years for a maximum of \$300.

- **Workplace Safety and Loss Recertification Application Fee.** This is a \$300 regulatory recertification fee charged every three years to individuals certified to conduct workplace safety and loss prevention consultations. Fees are lower when multiple individuals apply.
- **Workplace Safety and Loss Specialist Certification and Recertification Fees (2).** This is an \$800 fee charged to individuals who receive certification as a workplace safety and loss prevention management specialist. A \$600 recertification fee is charged every three years with \$100 charged for each additional recertification. Fees are lower when multiple individuals apply.
- **Written Assurances Fee.** This is a \$100 fee charged to apparel industry manufacturers or contractors when they apply for a one year written assurance from DOL that a subcontractor has complied with certain requirements of the Labor Law.

- **Department of State.** Three fees will be repealed, saving New Yorkers \$2.6 million annually beginning in 2015-16.
 - **Apartment Information Vendor License Fee.** This is a \$400 annual fee charged for the licensure of apartment information vendors.
 - **Biennial Statement Filing Fee.** This is a \$9 filing fee collected at the time of filing biennial statement amendments.
 - **Cease and Desist List License Fee.** This \$10 regulatory fee is collected from persons who wish to be added to the Cease and Desist List which prohibits real estate licensees from contacting or soliciting them.

- **Department of Transportation.** One fee will be repealed, saving New Yorkers \$40,000 annually beginning in 2015-16.
 - **Intrastate Authority Application Fee.** This is a one-time \$50 fee paid by new trucking companies, movers, ambulette providers and charter bus operators when applying for certificates or permits.

- **Justice Center for the Protection of People with Special Needs.** Two fees will be repealed.
 - **Conference Fee.** This fee was intended to allow the Justice Center (and former CQCAPD) to recoup costs when hosting various conferences or events. The fees were never instituted by the agency, thus never generating any revenue.

- **Technology-Related Assistance for Individuals with Disabilities Enterprise Fee.** This fee was to be paid by various health care, education and advocacy organizations when agency staff made presentations at their facilities. The fees were not instituted by the agency and subsequently generated no revenue.
- **Workers' Compensation Board.** A total of 12 fees will be repealed, saving New Yorkers \$95,000 annually beginning in 2015-16.
 - **Chiropractic Arbitration Request Fee.** This is a \$5 fee paid by a service provider related to any chiropractic dispute or arbitration of a bill handled by the Board.
 - **Claimant's Representative License Fee.** This is a \$100 fee paid from individuals who are licensed with the WCB and represent claimants before the Board.
 - **Hospital Arbitration Request Fee.** This is a \$5 fee paid by a service provider related to any hospital dispute or arbitration of a bill handled by the Board.
 - **Medical Arbitration Request Fee.** This is a \$5 fee paid by a service provider for any medical dispute or arbitration of a bill handled by the Board.
 - **Medical Center Authorization License Fee.** This is a \$200 license fee for compensation medical bureaus operated by qualified physicians for the diagnosis and treatment of industrial injuries or illnesses.

- **Medical / X-Ray Bureau Authorization License Fee.** This is a \$200 license fee paid by compensation medical bureaus operated by qualified physicians for the diagnosis and treatment of industrial injuries or illnesses.
- **Podiatry Arbitration Request Fee.** This is a \$5 fee paid by a service provider related to any podiatry dispute or arbitration of a bill handled by the Board.
- **Psychology Arbitration Request Fee.** This is a \$5 fee paid by a service provider related to any psychology dispute or arbitration of a bill handled by the Board.
- **Publication Fee.** This is a \$5 regulatory fee for purchasing Board publications.
- **Self Insurer's Representative License Fee.** This is a \$100 license fee paid by a third party administrator and/or self-insured employer. These entities represent employers at Board hearings.
- **Subpoena Fee.** This is a \$15 regulatory fee for subpoenas to obtain Board documents.
- **X-Ray Laboratory Authorization License Fee.** This is a \$5 license fee paid for a separate laboratory to engage in X-ray diagnosis or treatment of an injured worker.

Assure that Revenues from Fees Cover Associated Functions

The Executive Budget includes proposals to eliminate the imbalance between fee revenues and cost

of functions associated with those fees. Funds were established to provide specific services for which the cost of providing the service is offset by fees imposed in statute. In certain cases, the existing fees are no longer sufficient to cover costs. Rather than shift the cost to taxpayers, these service fees are modestly increased.

- **Align DEC Fees with Service Levels.** Several DEC pollution control programs that were designed to be self-supporting are running in the red, even as DEC holds spending for these programs flat. This adjustment will better reflect the operational cost, and shift the burden from State taxpayers to the regulated community while obviating reductions to these important programs. Specifically, the Budget will increase certain fees related to air regulation and enforcement under Federal and State statutes, and oversight of hazardous waste, pesticides and water pollution discharge. The actions will raise approximately \$8 million annually to fund the programs.
- **Enhance Oil Spill Preparedness.** In response to the increased volume of crude oil being transported through New York State, the Executive Budget increases the fees for oil transported and transferred in the State to 13.75 cents per barrel, irrespective of whether the oil remains in the State or continues on to other states. These additional revenues will ensure solvency of the oil spill fund, provide the

necessary funding for staff and associated costs, and support compliance with Executive Order 125, which outlines steps the State is taking to improve oil spill response and prevention.

- **Impose Vehicle Safety Inspection Fee.** A new \$100 safety inspection fee will be charged to privately operated for-hire/for-profit passenger carriers for each inspection conducted by the Department of Transportation. Vehicles used for school transportation or public transit will be excluded. This fee will defray the costs of semi-annual inspections.

TAX REFORM REVENUE ACTIONS, and STAR
(millions of dollars)

	General Fund		All Funds	
	FY 2016	FY 2017	FY 2016	FY 2017
Tax Credits	-	(360)	-	(360)
- Provide Income Based Property Tax Relief Tied to the Property Tax Cap	-	(350)	-	(350)
- Establish the Education Tax Credit	-	-	-	-
- Create the Urban Youth Jobs Program Tax Credit	-	(10)	-	(10)
- Create the Employee Training Incentive Program (ETIP) Tax Credit	-	-	-	-
- Extend the Excelsior Tax Credit Program to Entertainment Companies	-	-	-	-
Tax Cut and Reform Actions	4	39	4	42
- Reduce the Net Income Tax on Small Businesses	-	(26)	-	(26)
- Extend the Wine Tasting Sales and Use Tax Exemption to Other Alcoholic Beverages	-	-	-	-
- Reform the Investment Tax Credit provided for Master Tapes	-	-	-	-
- Reform the Industrial Development Authority (IDA) Program	4	9	4	9
- Expand Sales Tax Collection Requirements for Marketplace Providers	-	56	-	59
- Exempt Solar Power Purchase Agreements from State and Local Sales Tax	-	-	-	-
- Tax Law Article 9 Refunds and Section 184 Assessment	-	-	-	-
Tax Simplification Actions	-	-	-	-
- New York City Corporate Tax Reform	-	-	-	-
- Combine the DOS Biennial Information Statement and Tax Return Filings and Repeal \$9	-	-	-	-
- Allow Petroleum Business Tax Refunds for Farm Use of Highway Diesel Motor Fuel	-	-	-	-
- Impose Local Sales Tax on Prepaid Wireless Based on Retail Location	-	-	-	-
Enforcement Initiatives	20	30	24	38
- Lower the Outstanding Tax Debt Threshold Required to Suspend Delinquent Taxpayers'	9	3	9	3
- Allow New York to Enter Reciprocal Tax Collection Agreements with Other States	1	3	1	3
- Close Certain Sales and Use Tax Avoidance Strategies	5	10	5	10
- Authorize a Professional and Business License Tax Clearance	-	3	-	3
- Require New State Employees to be Compliant with State Tax Obligations	1	2	1	2
- Require Practitioners to be Compliant with State Tax Obligations before Receiving Excess Medical Malpractice Coverage	1	2	1	2
- Require Grantees to be Compliant with State Tax Obligations before Receiving a State Grant from a State or Local Authority	1	2	1	2
- Authorize Multi Agency Data Sharing to Enhance Enforcement Initiatives	-	-	1	1
- Extend Current STAR / Tax Delinquency Program and Convert it from Offset into a Tax	1	1	-	-
- Allow OCFS to Share Child Care Data with the Department of Taxation and Finance	-	2	-	2
- Enhance Motor Fuel Tax Enforcement	1	2	5	10
Tax Law Extenders	15	85	15	85
- Make Permanent the Limitation on Charitable Contribution Deductions for High Income New York State and New York City Personal Income Taxpayers	-	70	-	70
- Make Warrantless Wage Garnishment Permanent	15	15	15	15
- Extend and Reform the Bowfield Cleanup Program	-	-	-	-
- Extend Certain Tax Rates and Certain Simulcasting Provisions for One Year	-	-	-	-
School Tax Relief (STAR) Program Actions	192	205	-	(97)
- Convert the STAR Benefit into a Tax Credit for New Homeowners - Credit Portion	-	(97)	-	(97)
- Convert the STAR Benefit into a Tax Credit for New Homeowners - Spending Savings	97	197	-	-
- Cap Annual Growth in Basic and Enhanced Exemption Benefit at Zero Percent	54	54	-	-
- Eliminate the New York City PIT Rate Reduction Benefit for High Income Taxpayers	41	51	-	-
- Recoup Savings Retrospectively from Unlawfully Claimed Exemptions Removed During Re-	1	-	-	-
- Allow Unenrolled Registrants to Receive the STAR Exemption Benefit for Tax Year 2014	(1)	-	-	-
Technical Corrections	-	7	-	7
- Require Commercial Production Tax Credit Economic Impact Report	-	-	-	-
- Amend the Corporate Tax Reform Statute for Technical Changes	-	7	-	7
- Amend the Estate Tax Statute for Technical Changes	-	-	-	-
- Amend the Personal Income Tax, MTA Mobility Tax, and Credit for Disabled Workers	-	-	-	-
Gaming Initiatives	-	-	20	40
- Extend the Video Lottery Gaming (VLG) Vendor's Capital Awards Program for One Year	-	-	-	-
- Expand Electronic Gaming Offerings at Video Lottery Gaming (VLG) Facilities	-	-	20	40
- Extend NYRA Reorganization on Board	-	-	-	-
Repeal Nuisance Fees	(0)	(0)	(3)	(3)
- Repeal 59 Nuisance Fees Charged by Various State Agencies	(0)	(0)	(3)	(3)
Assure that Revenue from Fees Cover Associated Functions	-	-	21	21
- Align DEC Fees with Service Levels	-	-	8	8
- Enhance Oil Spill Preparedness	-	-	9	9
- Impose Vehicle Safety Inspection Fee	-	-	4	4
TOTAL TAX REFORM REVENUE ACTIONS, and STAR	231	6	81	(22)

ENUMERATED LIST OF FEES FOR REPEAL
(thousands of dollars)

	General Fund		All Funds	
	FY 2016 FY 2017	FY 2016 FY 2017	FY 2016 FY 2017	FY 2016 FY 2017
Department of Agriculture and Markets	(21)	(23)	(40)	(42)
- Commercial Feed License Fee	(5)	(5)	(5)	(5)
- Farm Product Dealer's License Fee	-	-	(9)	(9)
- Food Salvage Fee	(3)	-	(3)	-
- Liming Brands License Fee	(1)	(7)	(1)	(7)
- Refrigerated Warehouse Fee	(8)	(1)	(8)	(1)
- Rendering Plants Fee	(2)	(2)	(2)	(2)
- Rendering Transportation Fee	(2)	(2)	(2)	(2)
- Seed Potato Inspection Fee	-	-	(10)	(10)
- Soil and Plant Inoculants Fee	-	(6)	-	(6)
Department of Environmental Conservation	(6)	(6)	(6)	(6)
- Flood Control Permit Fee	(1)	(1)	(1)	(1)
- Water Well Driller Registration Fee	(5)	(5)	(5)	(5)
Department of Labor	(101)	(101)	(243)	(243)
- Antique Boiler Inspection Fees (2)	-	-	(2)	(2)
- Boiler Certificate of Competency Fee	-	-	(10)	(10)
- Boiler Shop Survey Fee	-	-	(7)	(7)
- Building Plans Exam Fee	-	-	(1)	(1)
- Commissary Operator Permit Fee	-	-	-	-
- Day of Rest Easement Application Fee	-	-	(4)	(4)
- Defense Dispensation Fee	-	-	-	-
- Farm Grower Permit Fee	-	-	(9)	(9)
- Farm Labor Contractor Permit Fee	-	-	(14)	(14)
- Industrial Homework Certificates Employer Application Fee	-	-	-	-
- Industrial Homework Certificates Homeworkeer Application Fee	-	-	(1)	(1)
- Laser Regulation Permit Fee	(25)	(25)	(25)	(25)
- Miniature Boiler Inspection Fee	-	-	-	-
- Professional Employer Organization Exemption Fee	(11)	(11)	(11)	(11)
- Professional Employer Organization Initial Registration and Renewal Fees (2)	(65)	(65)	(65)	(65)
- Scaffold Plan Examination Fee	-	-	(28)	(28)
- Ski Tows and Passenger Tramways Fees (2)	-	-	(19)	(19)
- Slot Machine Repair License Fees (2)	-	-	-	-
- Workplace Safety and Loss Certification Application Fee	-	-	(18)	(18)
- Workplace Safety and Loss DOL Consultation Fee	-	-	-	-
- Workplace Safety and Loss Incentive Application and Renewal Fees (2)	-	-	-	-
- Workplace Safety and Loss Recertification Application Fee	-	-	(2)	(2)
- Workplace Safety and Loss Specialist Certification and Recertification Fees (2)	-	-	(8)	(8)
- Written Assurances Fee	-	-	-	-
Department of State	-	-	(2,579)	(2,579)
- Apartment Information Vendor License Fee	-	-	(9)	(9)
- Biennial Statement Filing Fee	-	-	(2,570)	(2,570)
- Cease and Desist List License Fee	-	-	-	-
Department of Transportation	-	-	(40)	(40)
- Intra-state Authority Application Fee	-	-	(40)	(40)
Justice Center for the Protection of People with Special Needs	-	-	-	-
- Conference Fee	-	-	-	-
- Technology-Related Assistance for Individuals with Disabilities Enterprise Fee	-	-	-	-
Workers' Compensation Board	(20)	(20)	(95)	(95)
- Chiropractic Arbitration Request Fee	-	-	(4)	(4)
- Claimant's Representative License Fee	(8)	(8)	(8)	(8)
- Hospital Arbitration Request Fee	-	-	(1)	(1)
- Medical Arbitration Request Fee	-	-	(43)	(43)
- Medical Center Authorization License Fee	-	-	-	-
- Medical / X-Ray Bureau Authorization License Fee	-	-	(10)	(10)
- Podiatry Arbitration Request Fee	-	-	-	-
- Psychology Arbitration Request Fee	-	-	(1)	(1)
- Publication Fee	-	-	(1)	(1)
- Self Insurer's Representative License Fee	(12)	(12)	(12)	(12)
- Subpoena Fee	-	-	(13)	(13)
- X-Ray Laboratory Authorization License Fee	-	-	(2)	(2)
TOTAL FEES FOR REPEAL	(148)	(150)	(3,003)	(3,005)