



NEW YORK STATE SENATOR

William Larkin

## Tax Reductions Highlight New Laws Taking Effect January 1, 2006

[WILLIAM J. LARKIN JR.](#) January 5, 2006

This week, Senator Bill Larkin informs area residents about the new laws taking effect in New York State on January 1, 2006.

### Personal Income Tax Reductions

A tax reduction that will save New York taxpayers nearly \$1 billion will go into effect on January 1, 2006. The tax rate for taxpayers with incomes between \$150,000 and \$500,000 will be decreased from 7.25 percent to 6.85 percent. Similarly, the tax rate for taxpayers with incomes over \$500,000 will be decreased from 7.7 percent to 6.85 percent. The reduction is the last portion of a three-year result of the repeal of the temporary personal income tax surcharge that was imposed in 2003.

### Single Sales Factor

A major tax reform that will help New York businesses and help to prevent the outsourcing of jobs, will take effect on January 1, 2006. The single sales factor is expected to save New York businesses \$26 million in the coming year and \$130 million when fully implemented.

Presently, a corporations taxable State income is based on sales and New York State payrolls and property. Under current law, taxpayers that increase payroll or capital investments in New York incur a higher State income tax liability. As a result, the State's tax policy encourages job outsourcing, especially in the crucial manufacturing, broadcasting and

securities industries.

Under the current law, corporate taxpayers must apportion taxable income and capital to New York State based on a allocation percentage that gives a fifty percent weight to sales, and twenty-five percent each to the level of New York State payrolls and property. The singles sales allocation formula legislation will phased in over a three year period. The first phase requires firms to use an allocation formula applying a sixty percent weight to sales. This will increase to 80 percent in 2007 and 100 percent in 2008.

#### **CAPCO IV High Tech Investments**

The fourth round of the New York State Certified Capital Company (CAPCO) program will begin to provide an additional \$6 million a year for New York State Life Insurance firms that make investments in technology companies. Thirty-three percent of these funds must be placed in biotechnology and other cutting edge high technology businesses beginning with taxable years starting January 1, 2006.

#### **Lobbying Reform**

Beginning January 1, 2006, a new law (Chapter 1, S.5873,) will go into effect that enacts comprehensive reforms to more effectively regulate the lobbying of government entities. This new law represents the most sweeping reform and overhaul of the State's lobbying law in generations.

The law curtails lobbying for government contracts, discloses more information about lobbying, provides new penalties for violations of the lobbying law, and establishes an Advisory Council on Municipal Lobbying to advise the state lobby commission on the implementation of the new procurement lobbying provisions.

#### **Help America Vote Act**

A new law (Chapter 179, S.5819) will go into effect on January 1, 2006 to bring New York into compliance with the Help America Vote Act (HAVA). The law will require voters to provide their driver's license number, or the last four digits of their social security number when registering to vote. Also, first-time voters who registered by mail will have to produce evidence of their identity before voting.

#### Personal Watercraft Safety

A new law (Chapter 248, S.4129) will take effect on January 1, 2006 that will restrict the operation of personal watercraft (PWC) to persons over the age of fourteen who hold a boating safety certificate or are accompanied by a person over the age of eighteen who holds a boating safety certificate.

Today's PWCs can be as long as twelve feet in length, and can be capable of speeds of up to 60 mph. In many cases, youngsters lack the physical height and strength needed to properly handle a PWC. By increasing the minimum age of operation of a PWC, the bill is intended to give children the time to mature both physically and mentally before safely operating a PWC, as well as they are educated on the rules and regulations of the State's waterways.

#### Minimum Wage Increase

Pursuant to Chapter 747 of the Laws of 2004, on January 1, 2006 New York's minimum wage will increase from a rate of \$6.00 per hour to \$6.75 per hour. The rate will again increase to \$7.15 per hour on January 1, 2007.

The following is a list of all laws enacted during the 2000 through 2004 Legislative Sessions that are scheduled to go into effect on January 1, 2006, in order of year of enactment and chapter number.

#### 2005 Laws

Chapter 1, L. 2005 §1, 6, 8-11, 13-15 (S.5873)

Enacts numerous provisions relating to procurement lobbying and lobbying reform, particularly pertaining to the regulation of lobbying activities, registration and reporting, contingent retainers, restricted contacts, and penalties.

Chapter 58, L. 2005, Part A, §2-3 (S.3668)

Directs the Commissioner of Taxation and Finance to enter into a cooperative agreement with the Department of Health (DOH) for the purpose of verifying eligibility for the Elderly Pharmaceutical Insurance Coverage program (EPIC), and authorizes the Department of Taxation and Finance to release certain relevant information to DOH for this purpose.

Chapter 58, L. 2005, Part C, §45-48 (S.3668)

Establishes payment levels and monthly personal allowances for persons receiving enhanced residential care (i.e., care provided to those who are residing in a privately operated school for the mentally retarded and developmentally disabled, an adult home, or an enriched housing program).

Chapter 74, L. 2005 (S.3350)

Authorizes municipalities in Orange County, at local option, to grant a partial real property tax exemption for real property owned by enrolled members of certain volunteer fire departments or ambulance services, residing in the county, of 10% of assessed value up to \$3,000 multiplied by the latest applicable State equalization rate.

Chapter 179, L. 2005 (S.5819)

Institutes provisions for the verification of voter registration information to comply with the requirements of the Help America Vote Act (HAVA).

Chapter 189, L. 2005 (S.5126)

Authorizes municipalities in Sullivan County, at local option, to grant a partial real property tax exemption for real property owned by enrolled members of certain volunteer fire departments or ambulance services, residing in the county, of 10% of assessed value up to \$3,000 multiplied by the latest applicable State equalization rate.

Chapter 208, L. 2005 (S.2529A)

Authorizes municipalities in Jefferson County and St. Lawrence County, at local option, to grant a partial real property tax exemption for real property owned by enrolled members of certain volunteer fire departments or ambulance services, residing in the respective county, of 10% of assessed value up to \$3,000 multiplied by the latest applicable State equalization rate.

Chapter 244, L. 2005 (S.290A)

Authorizes municipalities in Montgomery County, at local option, to grant a partial real property tax exemption for real property owned by enrolled members of certain volunteer fire departments or ambulance services, residing in the county, of 10% of assessed value up to \$3,000 multiplied by the latest applicable State equalization rate.

Chapter 248, L. 2005 (S.4129)

Restricts the operation of personal watercraft and specialty prop-craft to persons who are 14 years old or older who hold a boating safety certificate or are accompanied by a person over 18 years of age who holds a boating safety certificate.

Chapter 256, L. 2005 (S.5740)

Permits localities to authorize veterans' alternative exemptions at existing percentage levels without dollar-amount caps.

Chapter 26, L. 2005 (S.2367)

Adds school districts to the list of political subdivisions in Nassau County authorized, at local option, to grant a partial real property tax exemption for real property owned by enrolled members of certain volunteer fire companies or ambulance services residing in the county.

Chapter 316, L. 2005 (S.1856)

Requires education corporations to obtain the consent of the Board of Regents in order to operate under an assumed name, and requires those corporations that have previously filed an assumed name certificate with the Department of State to file a copy with the State Education Department. Restricts the use of certain terms in corporate names that connote an educational purpose and prohibits those corporations that are not authorized by the Board of Regents from holding themselves out as a "museum," "arboretum," or similar cultural institution.

Chapter 324, L. 2005 (S.3570)

Authorizes the continuation of locally adopted real property tax exemptions for volunteer firefighters and ambulance workers granted to date, except within Orange County, for the un-remarried spouses of volunteers killed in the line of duty.

Chapter 325, L. 2005 (S.1396)

Enacts the transfer-on-death security registration act to allow owners of investment securities to name death beneficiaries to whom the securities transfer upon the death of the owner.

Chapter 337, L. 2005 (S.3343)

Provides District Courts and the upstate City Courts, whose civil jurisdiction already is very similar to that of the New York City Civil Court, with the same equity jurisdiction in real property and housing matters as the NYC Civil Court.

Chapter 378, L. 2005 (S.5252)

Expands the existing solar electric generating equipment personal income tax credit to include equipment utilizing solar radiation to provide heating, cooling, and/or hot water, and increases the maximum amount of the credit from \$3,750 to \$5,000.

Chapter 391, L. 2005, §1-2 (S.5748)

Brings the State into compliance with the federal "State Unemployment Tax Act (SUTA) Dumping Prevention Act of 2004," in order to prevent the practice whereby an employer will

transfer its functions to another employer in an effort to obviate Unemployment Insurance (UI) taxes, and thereby prevent the loss of grants to the State for administration of the State's UI program.

Chapter 397, L. 2005 (S.1594)

Empowers the City of Albany (Albany County) to adopt a local law after a public hearing to create, at local option, a graduated real property tax exemption for certain owner-occupied multiple dwelling buildings that are reconstructed, altered, converted back to an owner-occupied single-family dwelling, or reduced to at most 2 units by such reconstruction.

Chapter 398, L. 2005 (S.2430)

Creates the offices of Assembly Historian and Senate Historian.

Chapter 406, L. 2005 (S.5856)

Requires candidates and committees for local elections that raise or expend more than \$1,000 to file their campaign finance statements in an electronic format.

Chapter 419, L. 2005 (S.5380-B)

Authorizes municipalities in Onondaga County, at local option, to grant a partial real property tax exemption for real property owned by enrolled members of certain volunteer fire departments or ambulance services, residing in the county, of 10% of assessed value up to \$3,000 multiplied by the latest applicable State equalization rate.



Chapter 430, L. 2005 (S.5713)

Expands the existing Breast Cancer Detection and Education Program Advisory Board, within the Department of Health, to also include cervical cancer. Increases the number of members from 13 to 18.

Chapter 441, L. 2005 (S.4920)

Amends certain rulemaking provisions including eliminating an unnecessary notice of continuation by extending, from 180 days to 365 days, the time period before expiration of a rule, and requiring any notice of withdrawal of rulemaking to include a statement of the reasons for such withdrawal.

Chapter 457, L. 2005, §4 (S.5744)

Extends provisions authorizing the acceptance of certain court-related payments by credit card.

Chapter 616, L. 2005 (S.4019)

Removes certain provisions regarding the leave to replead in civil cases in order to simplify such provisions.

Chapter 632, L. 2005 (S.5506)

Includes income from commercial horse boarding operations within the meaning of the term " gross income from farming."

Chapter 673, L. 2005 (S.4096-A)

Clarifies that the Medical Malpractice Insurance Pool (MMIP) is not statutorily obligated to offer a second layer of excess medical malpractice insurance to physicians, dentists, or podiatrists.

Chapter 683, L. 2005 (S.842-B)

Mandates continuing education for landscape architects as a prerequisite for their triennial registration renewal.

Chapter 687, L. 2005 (S.2617-A)

Increases the penalty for the failure to file a subdivision map with the applicable city, town, or village, from \$25 to a range of \$25 - \$300.

Chapter 710, L. 2005 (S.5567-A)

Authorizes Chautauqua County to elect, by local law, ordinance, or resolution, to exempt clothing and footwear from sales and compensating use taxes.

Chapter 712, L. 2005 (S.5669-A)

Authorizes municipalities in Saratoga County, at local option, to grant a partial real property tax exemption for real property owned by enrolled members of certain volunteer fire departments or ambulance services, residing in the county, of 10% of assessed value up to \$3,000 multiplied by the latest applicable State equalization rate.

Chapter 713, L. 2005, §2,3,5 (S.5757)

Variouly increases certain personal needs allowances and the standard of monthly need for the Supplemental Security Income (SSI) program in accordance with federal cost-of-living adjustments.

Chapter 729, L. 2005 (S.5473)

Enacts the "Manufactured Housing Advancement Act of 2005," establishing a New York State Home Board within the Department of State; providing for the certification and training of persons employed in the manufacture, sale, installation, and repair of manufactured homes; and establishing dispute resolution procedures in the manufactured-home industry.

Chapter 743, L. 2005 (S.5294)

Requires local assessors to correct final assessment rolls so as to reflect the imposition of a State-established equalization rate for full-valued special franchises (i.e., utility distribution property that is located in the public way), in the event that a local taxing jurisdiction's stated level of assessment is not within 5% of the State's estimate of such assessment level. (Effective October 18, 2005, but applies to assessment rolls with taxable status dates on or after January 1, 2006.)

Chapter 748, L. 2005 (S.5546)

Authorizes the Department of Taxation and Finance to provide certain information to the Higher Education Services Corporation (HESC) for the purpose of assisting HESC in default prevention and default collection of federal guaranteed student loans through the Federal

Family Education Loan Program.

## **2004 Laws**

Chapter 387, L. 2004 §1-2 (S.7621)

Provides for the restriction of certain brominated flame retardant chemicals in the manufacture, process, and sale of electronic devices, furniture, and textiles.

## 2003 Laws

Chapter 482, L. 2003, § 3 (S.3778-A)

Increases pilotage rates and charges for vessels navigating the Hudson River in 3 stages, effective January 1, 2004 (§1), January 1, 2005 (§2), and January 1, 2006 (§3).