

GOVERNOR'S PROGRAM BILL

2010

MEMORANDUM

AN ACT to amend the tax law, in relation to the statutory limitation on the biofuel production credit and the qualified emerging technology company facilities, operations and training credits (Part A); to amend the tax law, in relation to the inclusion of certain past employment related income in the calculation of the New York source income of nonresidents (Part B); to amend the tax law, in relation to clarifying that certain income constitutes New York source income of nonresident shareholders of an S corporation (Part C); to amend the tax law, in relation to taxation of certain resident trusts; and to repeal subparagraph (D) of paragraph 3 of subsection (b) of section 605 of such law relating thereto (Part D); to amend the tax law, in relation to information reporting of payments made in settlement of payment card and third party network transactions (Part E); to amend the tax law, in relation to authorizing the use of generally accepted statistical sampling to determine the amount of sales and compensating use tax due under articles 28 and 29 of such law (Part F); to amend the tax law and the administrative code of the city of New York, in relation to the penalties imposed upon tax return preparers failing to electronically file returns and other tax documents when required by law to do so, to authorize reasonable correction periods for electronic tax filings and payments, and to prohibit tax return preparers and software companies from charging separately for electronic filing of New York tax documents (Part G); to amend the tax law, in relation to providing the department of taxation and finance with greater flexibility, and the ability to realize cost savings, by allowing the department to use alternative means by which tax notices and other tax documents are communicated to addressees (Part H); to amend the tax law, in relation to reforming the offer-in-compromise program (Part I); to direct the department of taxation and finance to complete a report that makes recommendations about reforming and modernizing state and local taxes on communication services (Part J); to amend chapter 383 of the laws of 2001 amending the tax law and other laws relating to authorizing the division of the lottery to conduct a pilot program involving the operation of video lottery terminals at certain racetracks, in relation to the effectiveness thereof; to amend the tax law, in relation to the hours of operation of video lottery gaming, the vendor fees paid to lottery agents, the amount of video lottery gaming revenue after payout of prizes to be retained by the division of the lottery for operation, administration and procurement purposes at a certain track and the recapture of the vendor fee at a certain track; and to repeal section 13 of chapter 140 of the laws of 2008 amending the racing, parimutuel wagering and breeding law and other laws relating to thoroughbred racing and to repeal section 5 of chapter 286 of the laws of 2008 amending the tax law relating to annual capital improvement credits for video lottery gaming operators, relating thereto (Part K); to amend the tax law and the uniform commercial code, in relation to imposing a recording tax on the filing of financing statements pertaining to cooperative interests in cooperative organizations (Part L); to amend the tax

law, in relation to narrowing the definition of vendor for purposes of the sales and compensating use taxes (Part M); to amend the public housing law, in relation to providing a credit against income tax for persons or entities investing in low-income housing (Part N); to amend chapter 60 of the laws of 2004, amending the tax law relating to the empire state film production credit, in relation to the empire state film production credit and in relation to the effectiveness of such provisions; and to amend the tax law, in relation to the empire state film production credit (Part O); to amend the general municipal law, in relation to the decertification of business entities located in empire zones; to amend the tax law, in relation to a refund or credit provided to certain zone businesses and to a report on empire zone businesses produced by the department of taxation and finance, and to amend chapter 57 of the laws of 2009, amending the general municipal law and the tax law relating to enacting reforms to the empire zones program, in relation to the effectiveness thereof (Part P); to amend the tax law, in relation to making technical corrections to certain tax enforcement and sales tax avoidance provisions; and to amend chapter 57 of the laws of 2009 amending the criminal procedure law, the penal law, and the tax law relating to creating the offense of "tax fraud act", in relation to the effectiveness thereof (Subpart A); to amend the tax law, in relation to defining certain terms (Subpart B); and to amend the general municipal law and the public authorities law, in relation to statements of industrial agencies and their agents and project operators (Subpart C) (Part Q); to amend the tax law, in relation to the amount of the unified credit against the estate tax (Part R); to amend the tax law, in relation to the brownfield redevelopment tax credit (Part S); to amend the tax law and the administrative code of the city of New York, in relation to the taxicab ride tax imposed in the metropolitan commuter transportation district by article 29-A of the tax law (Part T); to repeal subdivision (e-1) of section 1132 of the tax law, relating to a sales tax bad debt credit or refund for purchases made by private label credit cards (Part U); to amend the tax law, in relation to the sales tax vendor credit authorized under article 28 (Part V); to amend the tax law in relation to the deferral of use or payment of certain tax credits (Part W); to amend the tax law and the administrative code of the city of New York, in relation to the deduction for bad debts provided to qualifying thrift institutions and commercial banks (Part X); to amend the tax law and the administrative code of the city of New York, in relation to ensuring payment of sales tax due on rent for hotel room occupancy by room remarketers of hotel rooms and to reverse the decision of the Tax Appeals Tribunal in the Marriott International, Inc. matter on rewards program payments; and to repeal certain sections of the administrative code of the city of New York relating thereto (Part Y); to amend chapter 912 of the laws of 1920 relating to the regulation of boxing, sparring and wrestling, in relation to establishing protocols for professional mixed martial arts events in this state; to amend the tax law, in relation to the imposition of a tax on the gross receipts of any person holding any professional or amateur boxing, sparring or wrestling match or exhibition, or professional mixed martial arts match or exhibition; and providing for the repeal of such provisions upon expiration thereof (Part Z); to amend the tax law and the administrative code of the city of New York, in relation to modifying the New York itemized deduction (Part AA); to amend the real property tax law, in relation to the computation of the school tax relief (STAR) exemption (Part BB); to amend the

state finance law, the tax law and the administrative code of the city of New York, in relation to the New York city personal income tax rates (Part CC); to amend the real property tax law and the tax law, in relation to the STAR exemption (Part DD); to amend the tax law, in relation to eliminating the state's sales and compensating use tax exemption for clothing and footwear sold for less than \$110 per item for the period October 1, 2010, through March 31, 2011; exempting clothing and footwear sold for less than \$55 per item from state taxes for the period April 1, 2011, through March 31, 2012; authorizing counties and cities to elect the less than \$55 exemption for the same period; and restoring the state's original exemption April 1, 2012; and to repeal subdivision (k) of section 1210 of the tax law relating thereto; and providing for the repeal of certain provisions upon expiration thereof (Part EE); to amend the tax law, in relation to limiting itemized deductions for certain taxpayers and determining the amount of estimated tax installments to be paid (Part FF); to amend the abandoned property law, in relation to uncashed travelers checks and money orders and miscellaneous unclaimed property (Part GG); to amend the tax law, in relation to the \$10 million dollar cap on the capital base tax under article 9-A of such law (Part HH); to amend Part FF-1 of chapter 57 of the laws of 2008 relating to the taxation of captive real estate investment trusts and captive regulated investment companies, in relation to the application of the provisions of such chapter (Part II); and to amend the tax law, in relation to the definition of a captive REIT (Part JJ); to amend the education law and the state finance law, in relation to tuition and self-supporting revenues of the state and city universities; and to repeal subdivision 8-b of section 355 and paragraph 4-a of subdivision A of section 6221 of the education law relating thereto; and providing for the repeal of such provisions upon expiration thereof (Subpart A); to amend the education law, the public authorities law and the public buildings law, in relation to capital facilities in support of the state university and community colleges; and providing for the repeal of certain provisions upon expiration thereof (Subpart B); to amend the education law and the state finance law, in relation to procurement in support of the state and city universities; and providing for the repeal of certain provisions upon expiration thereof (Subpart C); to amend the public officers law, the education law and the retirement and social security law, in relation to promoting efficiency and effect savings in support of the state university; and providing for the repeal of such provisions upon expiration thereof (Subpart D); to amend the civil service law and the education law, in relation to state university health care facilities; and providing for the repeal of such provisions upon expiration thereof (Subpart E); and to enact reporting requirements; and providing for the repeal of such provisions upon expiration thereof (Subpart F) (Part KK); to amend the retirement and social security law, in relation to payment by the state of certain employer retirement contributions (Part LL); to amend the legislative law, in relation to unfunded mandates on local governments and school districts; and providing for the repeal of such provisions upon expiration thereof (Part MM); and to amend the general municipal law, in relation to procurements by local governments (Part NN); and to amend the real property tax law, the education law and the general municipal law, in relation to establishing limitations upon school district and local government tax levies; and repealing certain provisions of the education law relating thereto (Part OO); to amend the state finance law, in relation to the

FMAP contingency fund (Part PP); and to amend the tax law and the administrative code of the city of New York, in relation to allowing recognition of marriages performed outside New York state (Part QQ)

Purpose:

This bill contains provisions that provide enhanced fiscal management and generate Financial Plan savings for the 2010-11 State Fiscal Year.

Summary of Provisions:

Part A - Define Flow-Through Entities as Taxpayers for QETC and Biofuel Credit Claims

This bill would treat limited liability companies (LLCs) and partnerships as individual taxpayers for the purposes of allocating Qualified Emerging Technology Company (QETC) and Bio-fuels credits, thus equalizing cap amounts for these credits across various taxpayer types.

Part B - Treat Compensation for Past Services as Taxable for Non-Residents

This bill would make compensation for past services received by nonresidents taxable if the taxpayer had New York employment nexus at the time of payment. This would result in equal tax treatment of such compensation vis-a-vis similarly situated New York residents.

Part C - Treat S-Corporation Gains and Installment Income as Taxable for Non-Residents

This bill would require that certain acquisition, liquidation and installment income gains be treated as New York source income by nonresident shareholders to the extent that the S corporation conducted business in New York, thus addressing a loophole that allows such income to escape taxation.

Part D - Close Resident Trust Loophole

This bill would amend the definition of a resident New York trust as well as eliminate the exemption from taxation for resident trusts. Resident trusts would be taxable depending on whether they were estates of decedents or trusts between living persons, thus closing a loophole whereby some of these trusts escape taxation.

Part E - Require Informational Returns for Credit and Debit Cards

This bill would enhance the collection of taxes by requiring payment settlement entities, third-party settlement organizations, electronic payment facilitators, or others deemed to be acting on behalf of payment settlement entities to annually report by payee the gross amount of settled payment card and third-party network transactions.

Part F - Statistical Sampling for Sales Tax Audits

This bill would expand the authority of the Commissioner of Taxation and Finance to perform statistical sampling audits to determine the sales tax and compensating use tax liability of taxpayers.

Part G - Tax Preparer Mandates

This bill would: (1) eliminate taxpayer opt-out from e-filing as automatic grounds for abatement of the penalty imposed on tax return preparers for failure to e-file tax returns and other tax documents when required by law to do so; (2) authorize the Commissioner of Taxation and Finance to establish correction periods for electronic filings and payments that are not accepted for processing; and (3) prohibit tax return preparers and software companies from charging separately for e-filing of New York tax documents.

Part H - Reduce Tax Department Certified Mail Requirements

This bill would provide the Department of Taxation and Finance with greater flexibility and cost savings by allowing the Department to use alternative means of sending tax bills, notices and other tax documents to addressees.

Part I - Expand Offer in Compromise Program

This bill would reform the Offer in Compromise Program of the Department of Taxation and Finance by adopting standards for assisting all deserving taxpayers, while at the same time protecting the interests of the State.

Part J - Telecommunications Tax Recommendations Study

This bill would require the Department of Taxation and Finance (Tax Department) to complete a report that makes recommendations about reforming and modernizing State and local taxes on telecommunications services.

State and local finances could change contingent on adoption of study recommendations.

Part K - Extend the hours of Video Lottery Terminal (VLT) operation, reduce Commission rates, repeal the sunset date for the VLT program, and make technical corrections

This bill would increase the authorized hours of operation of Video Lottery Terminals (VLTs) to twenty hours a day but no later than 4 AM, reduce the commission rate paid to vendor tracks by one percent, and eliminate the sunset of the VLT program.

This bill is necessary to provide an additional \$45 million in revenue in SFY 2010-11 to support education.

Part L - Expand the base of the mortgage recording tax to include sales of cooperatives

This bill would expand the scope of the mortgage recording tax, which is currently imposed on the recording of mortgages on real property with the county clerk, to include the filing of a financing statement securing a loan for the purchase of an ownership interest in a cooperative housing unit.

This bill will provide additional revenue to counties but none to the State.

Part M - Narrow Affiliate Nexus Provision

This bill would narrow the definition of "vendor" by providing that the in-State activities of an affiliate in providing accounting or legal services or advice, or in directing the activities of a seller, do not make the seller a vendor.

This bill is necessary provide \$5 million of tax relief to New York affiliates.

Part N - Expand the Low Income Housing Tax Credit Program

This bill would provide the Commissioner of DHCR authorization to allocate an additional \$40 million in total Low-Income Housing Tax Credits, to be paid \$4 million annually for ten years.

This bill would reduce General Fund receipts by \$4 million annually through SFY 2019-20.

Part O - Extend and Expand Film Tax Credit

This bill would provide an additional tax credit allocation of \$2.1 billion over tax years 2010 through 2014, while new restrictions would enhance the economic impact of this program to the State.

This bill would not reduce annual tax receipts until SFY 2012-13. This bill would reduce receipts by \$168.1 million in SFY 2012-13, \$291.9 million in SFY 2013-14, \$420 million in each of SFY 2014-15 through 2016-17, \$270.6 million in SFY 2017-18 and \$109.4 million in 2018-19.

Part P - Empire Zones Technical Corrections

This bill would make technical corrections to bill S-1 of Chapter 57 of the Laws of 2009 (2009-10 Enacted Budget) to clarify that the State Legislature intended to make Empire Zones decertification provisions applicable to tax year 2008. Additionally this bill would extend certain provisions of the Empire Zones to allow taxpayers to move

forward with planned investments, community development grants and job creation; clarify that special assessments do not meet the definition of real property taxes paid in calculating the QEZE Real Property Tax Credit; and allow the Commissioner of the Department of Economic Development to approve certain boundary revisions submitted prior to the expiration of the Empire Zones Program on June 30, 2010.

These provisions are necessary to preserve revenue currently assumed in the State's Financial Plan.

Part Q - 2009-10 Enforcement Technical Corrections

This bill would: (1) make technical corrections to certain tax enforcement and sales tax avoidance provisions enacted by Chapter 57 of the Laws of 2009; and (2) renew the requirement that industrial development agencies file statements with the Department of Taxation and Finance that provide important information including the value of all sales tax exemptions claimed by a project operator.

These provisions are necessary to preserve revenue currently assumed in the State's Financial Plan.

Part R - Estate Tax Unified Credit Technical

This bill would preserve the \$1 million State unified credit for 2010 in light of the expiration of the Federal estate tax.

This bill is necessary to maintain the unified credit against the New York estate tax independent of the Federal tax.

Part S - Brownfield Technical Clean-Up

This bill would clarify that projects that were accepted to the Brownfield Cleanup Program prior to June 23, 2008, but that had not received a Certificate of Completion as of February 9, 2010 would be subject to the maximum credit limitations imposed on the tangible property credit component by Chapter 390 of the Laws of 2008.

This bill would increase General Fund tax receipts by an estimated \$369 million over the five-year Financial Plan.

Part T - MTA Technical Corrections

This bill would amend provisions of Article 29-A to improve the administration of the Taxicab Ride Tax.

This bill would preserve revenue.

Part U - Repeal Private Label Credit Cards Law

This bill would repeal Tax Law §1132(e-1), which allows private label credit card lenders, as well as vendors who use private label credit card lenders to finance their credit card sales, to claim a sales tax credit or refund on accounts financed by or assigned to the lender that are written or charged off as uncollectible.

This bill would increase revenues by \$17 million in SFY 2010-11.

Part V - Repeal Vendor Credit for Monthly Filers

This bill would repeal the vendor credit for monthly filers. Quarterly and annual filers would continue to receive the credit.

This bill would increase revenues by \$23 million.

Part W - Credit Deferral

This bill would allow \$2 million in aggregate credit at the taxpayer level for tax years 2010, 2011 and 2012. The total amount of credits deferred under this proposal would be paid back to taxpayers over tax years 2013, 2014 and 2015. This bill would affect the personal income and corporate income taxpayers. The credits impacted are business related credits. Personal income tax credits such as the child credit and EITC are excluded.

This bill would increase annual tax receipts by \$100 million in SFY 2010-11, \$970 million in SFY 2011-12 and 2012-13 and \$870 million in SFY 2013-14. Beginning in SFY 2014-15 annual tax receipts would be reduced by \$1.155 billion in SFY 2014-15, \$866 million in SFY 2015-16, and \$289 million in SFY 2016-17.

Part X - Conform to Federal Bad Debt Provisions

This bill would conform the State bank tax deduction for bad debts to the calculations provided for in the Internal Revenue Code for Federal tax purposes.

This would increase bank tax receipts by an estimated \$15 million in SFY 2010-11 and annually thereafter.

Part Y - Apply Sales Tax to Hotel Reseller Markup

The bill would: 1) clarify that room remarketers are required to collect sales and NY City occupancy taxes; and 2) amend the Tax Law to make clear that where a person required to collect sales tax receives payments from a company running a rewards program in return for providing free or reduced-price items to consumers enrolled in the program, the payments are taxable.

This bill would increase revenues by \$13 million in SFY 2010-11.

Part Z - Authorize Professional Mixed Martial Arts in New York State

This bill would establish a regulatory framework for the New York State Athletic Commission to govern the conduct of professional mixed martial arts (MMA) competitions. The bill would also impose a tax on the gross receipts from ticket sales and broadcast rights from MMA events held in the State.

This bill is necessary to provide an additional \$2.1 million in revenue in SFY 2010-11.

Part AA - Add Back Federal Sales Tax Deduction

This bill would require itemizing taxpayers who elect to deduct sales tax instead of income tax for Federal purposes to reduce their New York itemized deductions by the amount of sales tax deducted for Federal purposes. As a result, these taxpayers would be treated equally compared to taxpayers who elect to deduct income tax for Federal purposes, because New York already requires they reduce their itemized deductions by the amount of income tax deducted.

Part BB – STAR Floor Adjustment

This bill would lower the "floor" used in the computation of STAR exemption benefits, from 89 percent to 82 percent.

This bill is necessary to provide an additional \$40 million in savings in SFY 2010-11.

Part CC - Restructure NYC PIT STAR

This bill would amend the State Finance Law, Tax Law and Administrative Code of the City of New York to limit the New York City personal income tax rate reduction to the first \$500,000 of income.

This bill is necessary to provide an additional \$120 million in savings in SFY 2010-11.

Part DD - Eliminate STAR exemption benefit for the homes with value of \$2 million and above

This bill would eliminate the STAR exemption benefit for properties having an equalized value of \$2 million or more for SFY 2010-11 only. Starting in SFY 2011-12, this provision is replaced with an elimination of the STAR exemption benefit for homeowners with incomes in excess of \$500,000.

This bill is necessary to provide an additional \$20 million in savings in SFY 2010-11.

Part EE - Temporarily Reduce Sales Tax Clothing Exemption

This bill would eliminate State and local sales and compensating use tax exemptions for clothing and footwear sold for less than \$110 per item for the period October 1, 2010, through March 31, 2011, exempt clothing and footwear sold for less than \$55 per item for the period April 1, 2011, through March 31, 2012, and restore the original exemption of \$110 on April 1, 2012.

This bill would increase revenues by \$330 million by SFY 2010-11.

Part FF - Reduce PIT Charitable Deduction from 50 percent to 25 percent

This bill would decrease the percentage of allowable itemized deductions from 50 percent to 25 percent for taxpayers with NY adjusted gross income of \$1 million or more.

This bill would increase tax receipts by \$100 million in SFY 2010-11.

Part GG - Change Abandoned Property Dormancy Periods

This bill would reduce the dormancy period for certain assets.

This bill would increase miscellaneous receipts by an estimated \$100 million in SFY 2010-11.

Part HH - Make Higher Capital Base Cap Permanent

This bill would make permanent the increase in the limitation of tax calculated under the capital base of the corporation franchise tax for non-manufacturers from \$1 million to \$10 million, which is currently scheduled to expire on December 31, 2010.

This bill is necessary to preserve corporation franchise tax receipts currently assumed in the State Financial Plan.

Part II - Make REITs/RICs Loophole Closer Permanent

This bill would make permanent the provisions that address the closely-held Real Estate Investment trusts and Regulated Investment Companies loophole, which are currently scheduled to expire on December 31, 2010.

This bill is necessary to preserve corporation franchise tax receipts currently assumed in the State Financial Plan.

Part JJ - REITs Technical Fix

This bill would clarify that certain publicly traded Real Estate Investment Trusts (REIT's) with fractional ownership shares in non-related United States REITs are not subject to provision relating to "closely-held" REIT's that were enacted in 2008-09.

This bill is necessary to preserve corporation franchise tax receipts currently assumed in the State Financial Plan.

Part KK - New York State Public Higher Education Empowerment and Innovation Act

This bill would enact the New York State Public Higher Education Empowerment and Innovation Act which would continue New York's commitment to supporting students through enhanced tuition assistance while providing increased discretion for the State University of New York (SUNY) and the City University of New York (CUNY) in the areas of tuition, revenue management, asset maximization, administration, mission-related public-private partnerships, procurement, and capital construction.

Specifically, The New York State Public Higher Education Empowerment and Innovation Act would:

Authorize the boards of trustees for SUNY and CUNY to implement a responsible and predictable incremental tuition policy that would provide the University Boards with the discretion to raise tuition up to an annual cap 4 percent for certain non-doctoral four year institutions;

Authorize the SUNY and CUNY trustees to implement differential tuition rates not to exceed 7 percent at certain doctoral granting institutions at both SUNY and CUNY;

Allow for the proportionate and proper incremental increase to tuition appropriation authority equivalent to the yearly revenue expected to be generated from predictable tuition increases;

Increase the maximum Tuition Assistance Program (TAP) award for all eligible recipients during the 2011-12 academic year. Support would be computed based upon \$5,000 plus six-tenths the difference between resident undergraduate tuition at either SUNY or CUNY, whichever is higher, and \$5,000;

Permits SUNY and CUNY to disburse self generated funds deposited in special revenue funds-other accounts outside of the certificate process;

Prescribe specific semi-annual reporting requirements on revenues and expenditures at a campus-specific level to ensure continued transparency and accountability;

Authorize the lease of real property under the jurisdiction of SUNY to other entities in support of its educational purpose, and the participation in public/private partnerships

that would benefit SUNY's mission, subject to approval of a newly created State University Asset Maximization Review Board;

Provide that lease agreements authorized pursuant to this legislation will be subject to Minority and Women-owned Business Enterprise (MWBE) provisions, prevailing wage rates, indemnification clauses, reverter clauses and project labor agreements;

Allow for SUCF to operate more autonomously in order to fulfill its mission of progressing SUNY's multi-year capital plan;

Broaden the abilities of SUCF to implement capital projects through more efficient construction delivery methods, subject to procurement guidelines that must substantially conform to those applicable to existing public authorities;

Authorize the construction and financing by the Dormitory Authority of the State of New York (DASNY) of facilities for the benefit of SUNY by not-for-profit entities associated with the State University, provided that the associated projects are subject to prevailing wage, MWBE, and competitive process requirements;

Authorize DASNY to rehabilitate, construct and finance dormitories on behalf of community colleges, which would be required to assume full financial responsibility for the cost of the projects;

Allow SUNY to lease facilities within Albany County directly, rather than requiring the Office of General Services (OGS) to act on its behalf;

Remove provisions of law subjecting SUNY and CUNY to pre-approval of contracts by the Office of the State Comptroller (OSC) in order to streamline the procurement of goods, while maintaining provisions requiring the post-audit of such contracts by OSC;

Authorize SUNY affiliated auxiliary service corporations, campus-related foundations and other non-profit corporations to make purchases through the centralized contracts of OGS, but prohibits the resale of such commodities and services;

Allow post-audit in lieu of pre-audit requirements for Attorney General approval of leases between SUNY and its alumni associations in support of dormitory projects;

Allow CUCF and DASNY to utilize alternative construction delivery methods for applicable CUNY projects;

Indemnify SUNY and CUNY students who are enrolled in required clinical or other experiential programs as part of their course of study;

Increase SUNY's and CUNY's master planning cycle with the Board of Regents from four years to eight years, consistent with the length of the planning cycle for independent colleges;

Provide that medical, dental, and optometric residents and interns who provide services at the health-related facilities of SUNY may opt to participate in the State and Local Employees' Retirement System, but are not eligible to participate in the Optional Retirement Program or the Teachers' Retirement System;

Allow State University hospital participation in managed care networks and other joint and cooperative health care arrangements without pre-approval from any State entity, and conform procurement guidelines of SUNY's health care facilities to streamline the acquisition of goods and services; and

This bill would take effect immediately and would be considered repealed after a period of 5 years.

Enactment of this bill is necessary to implement the SFY 2010-11 higher education budget, as it will provide SUNY and CUNY with the ability to more efficiently and effectively manage recommended reductions of State support.

Part LL – Amortize State Pension Contribution Costs

The State and local governments will face substantial pension contribution increases over the next five years due to investment losses experienced by the Common Retirement Fund. This bill would give the State and local governments the option to amortize a portion of their pension costs in SFY 2010-11 and continuing through SFY 2015-16.

Part MM – Mandate Moratorium

This bill would place a three-year moratorium on new unfunded legislative mandates on local governments and school districts. It would also require an improved fiscal statement on all bills affecting local governments.

This would provide local governments and school districts with fiscal relief by preventing laws with significant unfunded mandates from being enacted.

Part NN – Reverse Auctions for Local Governments

This bill would allow local governments to hold reverse auctions for technology contracts. Under a reverse auction, sellers bid against one another in an Internet-based auction to offer the lowest price for a technology contract.

This would provide local governments with fiscal relief by enabling them to use a procurement method that has been shown to reduce costs.

Part OO – School District and Local Government Tax Cap

This bill would establish a school property tax levy cap for all school districts other than the "Big 5" fiscally dependent city school districts, and a local government

property tax levy cap for counties, cities other than New York City, towns, villages, special districts and fire districts. This bill would limit tax levy growth to the lesser of 4% or 120% of the annual increase in the consumer price index. It would shift the focus of school districts, local governments and voters from total spending, to the actual property taxes levied to support school district and local government expenses.

Part PP – FMAP

This bill ensures State fiscal balance in the event the Federal government does not provide funding for enhanced Federal Medicaid Assistance Percentages (FMAP). The key features include: 1) Departments' and agencies' undisbursed appropriations will be uniformly reduced by up to \$1.085 billion. 2) Exceptions of such reductions will ensure that the most vulnerable populations are not negatively impacted, and that other legal and fiscal obligations are met. 3) A "lock box" new FMAP Contingency Fund will be established in the State Treasury that will be used to capture these agency savings, if Federal Medicaid Assistance Percentages are not extended or are reduced. 4) The Director of the Budget will be authorized to temporarily loan monies from the FMAP Contingency Fund to the General Fund. This ensures that lack of these Federal funds does not compromise the State's 2010-11 Financial Plan.

Part QQ - Extend Married Tax Filing Provisions to Same Sex Couples

This bill would recognize legally performed same sex marriages for purposes of certain income and estate tax provisions that are determined by marital status, thereby equalizing the tax treatment of all legally married taxpayers.

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