

# Article VII Budget Bill (S.50002) Fact Sheet

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## **Part A: Personal Income Tax Reduction**

- Decreases the tax rate from 6.85 percent to 6.45 percent on the following incomes:
  - Married – Incomes Between \$40,000 and \$150,000
  - Single – Incomes Between \$20,000 and \$75,000
  - Head of Household – Between \$30,000 and \$100,000
- Decreases the tax rate from 6.85 percent to 6.65 percent on the following incomes:
  - Married – Incomes Between \$150,000 and \$300,000
  - Single – Incomes Between \$75,000 and \$200,000
  - Head of Household – Between \$100,000 and \$250,000
- Imposes a tax rate of 8.82% on incomes over \$1 million, \$1.5 million, and \$2 million for single, head of household, and married filers, respectively.
- Adjusts the income brackets and the standard deduction by the rate of inflation, annually.

## **Part B: MTA Payroll Tax Reduction**

- Exempts the following from the MTA Payroll Tax:
  - Non-public schools
  - Employers with total payroll expenses less than \$1.25 million
  - Self-employed taxpayers with business income less than \$50,000
- Reduces the rate from 0.34 percent to 0.11 percent for employers with payroll expenses between \$1.25 million and \$1.5 million.
- Reduces the rate from 0.34 percent to 0.23 percent for employers with payroll expenses between \$1.5 million and \$1.75 million.
- The State will hold the MTA harmless for the reduction in revenue.

## **Part C: Manufacturers Corporate Tax Rate Cut**

- \$25 million Corporate Tax Reduction for Manufacturers

- Reduce Entire Net Income from 6.5 percent to 3.25 percent
- Reduce the Alternative Minimum Tax rate from 1.5 percent to 0.75 percent
- Reduce Fixed Dollar Minimum amounts by 50 percent
- Impacts approximately 5,000 to 6,000 manufacturers
- Subject to criteria administered by the Commissioner of Taxation and Finance

#### **Part D: New York Youth Works Tax Credit**

- Provides a \$500 per month tax credit to employers that hire a qualified youth
- Employers can receive the credit for 6 months with a bonus \$1,000 credit if a youth is employed for a full year
- Credits capped at \$25 million
- Eligibility depends on age (16 to 24), on household income and “at risk” factors including whether a youth drops out of school, or is homeless, or an offender, etc. as determined by the Commissioner of Labor.
- Eligible in the Cities of New York, New Rochelle, Mt. Vernon, Yonkers, Albany, Schenectady, Utica, Syracuse, Rochester and Buffalo and in the Towns of Brookhaven and Hempstead.
- Credit applications must be submitted between January 1, 2012 and June 1, 2012 and eligible youth must be hired between January 1, 2012 to July 1, 2012.

#### **Part E: Empire State Jobs Retention Program**

- Job retention tax credit for businesses that are located in a County in which an emergency was declared by the Governor after January 1, 2011.
- To be eligible, a businesses must:
  - Demonstrate substantial physical damage and economic harm from the event that led to the emergency declaration;
  - Have had at least 100 full time employees on the day immediately preceding the day on which the event that led to the emergency declaration occurred; and
  - Retain or exceed the number of full time jobs that existed on the day immediately preceding the day on which the event that led to the emergency declaration occurred.
- Employers must apply for admission into the program. Accepted applicants will receive a preliminary schedule of tax benefits delineating the maximum benefits that the employer will be able to claim.
- Credit can be claimed for wages paid to employees that are employed in a position that existed on the day immediately preceding the day of the event that led to the emergency declaration.

- Credit cannot be claimed for any new jobs that are created.
- Credit is refundable.
- Credit can be claimed for 10 years provided that the taxpayer continues to be eligible for the credit.
- The amount of credit that an employer may claim per employee is the employee's gross wages paid to the employee 6.85%

#### **Part F: Design Build**

- New York currently utilizes a design-bid-build process for infrastructure projects.
- This bill permits certain State agencies to use design-build procurement, which permits bids encompassing design through completion.
- The Thruway Authority, DOT, Parks and Recreation, DEC and the Bridge Authority would be permitted to use design build.
- These agencies will be permitted to use design-build for capital projects related to the state's physical infrastructure, including, highways, bridges, dams, flood control projects, canals, and parks.
- Agencies would first issue a request for qualifications to obtain a list of pre-qualified bidders and then issue an RFP to those pre-qualified bidders.
- Design-build procurement allows agencies to select proposals utilizing best value criteria including the proposal's cost, the quality of the proposal's solution and the qualifications and experience of the design-build entity.
- The bill incorporates existing law with respect to prevailing wage, project labor agreements and Wicks.
- This act would be repealed 3 years after becoming a law, provided that projects with requests for qualifications issued prior to such repeal shall be permitted to continue.

#### **Part G: Flood Damage Reassessment**

- Eligible counties include those in the federal disaster declarations for Hurricane Irene or Tropical Storm Lee;
- Eligible municipalities include an eligible county, or an eligible city, town, village or school district wholly or partially contained within eligible counties;
- 38 counties have been declared disaster areas by the Federal Government;
- Municipalities have 45 days to opt into the program through passage of a resolution;

- Properties catastrophically impacted by one or both of the storms within a participating municipality shall receive relief as follows:

Percent Reduction in Value and Percent Taxable Assessed Value Exemption		
Percent Reduction in Value At Least	Percent reduction in Value But Less than	Taxable Assessed Value Percent Exemption
50	60	55
60	70	65
70	80	75
80	90	85
90	100	95
100	na	100

- The assessor shall determine the percentage loss in value subject to the review of the board of assessment review;
- Where the assessor finds that the loss in value is less than 50 percent, or classifies a loss within a lower range than the property owners believes is warranted, the property owner may file a complaint with the board of assessment review;
- School districts will be held harmless on STAR regardless of any exemptions provided pursuant to this act;
- The Office of Real Property Services is authorized to develop guidance for use by assessing units.

#### **Part H: FLOOD RECOVERY GRANT PROGRAM**

**\$50 million** in total assistance to provide relief from flood damage resulting from Hurricane Irene and Tropical Storm Lee.

- **\$21 million** in grants of up to \$20,000 for small businesses, farms and not-for-profits and multiple dwelling housing that sustained direct flood-related damage from either Hurricane Irene or Tropical Storm Lee. Empire State Development (ESD) will administer the program. Eligible projects include storm-related repairs and restorations to structures and for other storm related costs that were not covered by any government entity recovery program or any third-party payors (e.g., flood insurance). In addition, ESD will give preference to applicants that demonstrate the greatest need based on available flood damage.
- **\$9 Million** in grants of \$300,000 - \$500,000 to individual counties for the cost of flood mitigation of local creeks, stream and brooks. Counties will be able to apply for these grants jointly and would receive an amount equal to the sum of the

individual grants for each county. This funding will be used by the counties to help eliminate future flooding problems. Eligible counties are those included in the federal disaster declaration for either Hurricane Irene or Tropical Storm Lee. This program will be administered by ESD in consultation with Department of Environmental Conservation.

- **\$20 Million** in local assistance for areas included in the Federal Disaster Declaration for either Hurricane Irene or Tropical Storm Lee.

#### **Part I: School District Tax Warrant Installment Payment Option**

- Amends the real property tax law to authorize school districts affected by floods or natural disasters which are located wholly or partially in a federally declared disaster area to permit installment payments of real property taxes;
- Would give schools greater flexibility to allow payment of school taxes in installments when the taxpayers of the school district are impacted by floods or natural disasters.
- Allows school districts impacted by a natural disaster in the six months preceding the date when school taxes are due, to establish a flexible school tax payment plan, and to refund, at the school's option, a portion of taxes paid in excess of the minimum amount (which the taxpayer would then be required to pay in the subsequent installments);
- Current law allows installment taxes subject to local approval. However, this gives school districts greater flexibility to allow installment payments in relation to natural disasters/emergencies and to refund taxes paid above that percentage to taxpayers.
- This legislation gives school districts broad authority to determine what percentage of school taxes should be paid and when they should be paid when the local school community has been impacted by a disaster;
- Authorizes the State to advance any state aid due the school district with the approval of the Commissioner of Education, the Comptroller and the Director of the Division of the Budget;

#### **Part J: MTA Lock Box Amendment**

- Amend S.4257C/A.6766C, which passed both the Senate and the Assembly early this year and created a “lock box” for funds that are currently dedicated to the Metropolitan Transportation Authority (MTA). S.4257C/A.6776C permitted the diversion of MTA funds only if the legislature authorized such diversion and incorporated a “diversion impact statement” in the authorizing legislation.

- Amend S.4257C/A.6766C to permit a diversion only after the Governor has declared a fiscal emergency and communicates such emergency to the Legislature and a statute is enacted authorizing a diversion. This bill does not require such statute to include a diversion impact statement

**Part K: SUNY 2020 Project Labor Agreements (PLA Language)**

- Section L of the bill removes an incorrect reference to the WICKS Law by deleting the reference to section 135 of the State Finance Law.
- Inserts new language which requires that SUNY 2020 Challenge Grant projects at the University Centers of Albany, Binghamton and Stony Brook will be undertaken pursuant to a project labor agreement (PLA) if a study finds that a PLA is in the best interest of the project.