THE CITY OF NEW YORK
DEPARTMENT OF FINANCE
OFFICE OF TAX POLICY

# ANNUAL REPORT ON TAX EXPENDITURES

**FISCAL YEAR 2011**

MICHAEL R. BLOOMBERG, MAYOR • DAVID M. FRANKEL, COMMISSIONER

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MAYOR

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REPORT PREPARED BY THE
OFFICE OF TAX POLICY
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## EXECUTIVE SUMMARY

New York City furthers its social and economic objectives through a variety of programs. Some programs are funded by direct governmental appropriations while others are funded by reductions in tax liability and are referred to as "tax expenditures." This report, mandated by the New York City Charter, identifies and describes tax expenditure programs related to taxes administered by the City and provides tax expenditure estimates based on available data. The City administers approximately 60 real property, business income, and excise tax expenditure programs.

- Tax expenditures related to the real property tax totaled approximately $4.1 billion in Fiscal Year 2011. Housing and economic development-related incentives comprised 47 percent and 35 percent of real property tax expenditures, respectively. The five largest real property tax expenditure programs accounted for 63 percent of the cost of annual real property tax expenditures.

| **Five Largest FY 2011 NYC Real Estate Tax Expenditure Programs** ($ Millions) | |
|---|---|
| 421-a New Multiple Dwellings | $912 |
| Industrial & Commercial Incentive Program | $623 |
| Co-op/Condominium Abatement | $414 |
| NYC Housing Authority | $338 |
| Industrial Development Agency | $249 |

- Business income and excise tax expenditures that could be quantified were valued at $1.1 billion in Tax Year 2007. Many of these programs are designed to foster economic development, by, for example, reducing City energy costs for eligible businesses or providing relocation incentives. The five largest business income and excise tax expenditure programs accounted for 86 percent of the quantifiable cost of annual business income and excise tax expenditures.

| **Five Largest TY 2007 NYC Business Income and Excise Tax Expenditure Programs** ($ Millions) | |
|---|---|
| Business & Investment Capital Tax Limitation | $497 |
| Insurance Corporation Non-Taxation | $303 |
| Foreign Bank Alternative Tax on Capital Stock | $69 |
| Regulated Investment Company Management Fees | $43 |
| Commercial Revitalization Program (Lower Manhattan) | $33 |

- City sales tax expenditures that could be quantified for Tax Year 2007 were estimated at $371 million. City-funded personal income tax credits, reported for TY 2008, were worth $269 million.

This report is organized in several parts that cover the various tax expenditure programs by tax. Parts II to IV cover the main tax expenditure categories summarized above. Part V summarizes audits and evaluations of City tax expenditures. Appendices provide supplemental information pertinent to City tax expenditures, including estimates of average taxes paid per worker and general descriptions of NYC taxes.

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## TABLE OF CONTENTS

**INTRODUCTION** ........ 1

**PART I: DEFINITION OF TAX EXPENDITURES** ........ 3

**PART II: REAL PROPERTY TAX EXPENDITURES**

Overview ........ 5

Detailed Program Descriptions ........ 9

City Programs ........ 10

State Programs ........ 45

Public Agencies ........ 55

**PART III: BUSINESS INCOME AND EXCISE TAX EXPENDITURES**

Overview ........ 67

Detailed Program Descriptions ........ 69

**PART IV: NEW YORK CITY TAX EXPENDITURES DERIVED FROM NEW YORK STATE-ADMINISTERED CITY TAXES**

Overview ........ 97

Sales Tax Expenditures ........ 97

Personal Income Tax Expenditures ........ 106

**PART V: SUMMARY OF AUDITS AND EVALUATIONS OF NEW YORK CITY TAX EXPENDITURES**

New York City Economic Development Corporation
Local Law 48 Report ........ 117

**APPENDICES**

I. New York City Charter Section 240 ........ 119

II. Description of Major New York City Taxes .......................................................120

III. Average New York City Taxes per Worker ........................................................125

IV. Real Property Tax Expenditure
Statistical Supplement.............................................................................................131

**SELECTED BIBLIOGRAPHY** ....................................................................................145

**INDEX** ..........................................................................................................................147

## CHARTS


Chart 1 Real Property Tax Expenditures by Purpose .............................................. 6

Chart 2 Real Property Tax Expenditures by Source ................................................ 8


## TABLES


Table 1 City Programs: Real Property Tax Expenditures .......................................................................... 10

Table 2 City Programs: Real Property Tax Expenditures, Borough Distribution .................................................... 12

Table 3 Statewide Programs: Real Property Tax Expenditures .......................................................................... 45

Table 4 Statewide Programs: Real Property Tax Expenditures, Borough Distribution .................................................... 46

Table 5 Public Agencies: Real Property Tax Expenditures .......................................................................... 55

Table 6 Public Agencies: Real Property Tax Expenditures, Borough Distribution .................................................... 56

Table 7 Business Income and Excise Tax Expenditures .............................................................................. 68

Table 8 Tax Expenditure Estimates for Selected Exemptions from the Sales Tax Base ........................................................ 102

Table 9 New York City Personal Income Tax: Components of Adjusted Gross Income .................................................. 110

Table 10 New York City Personal Income Tax: Summary of Deductions and Credits ........................................................ 111

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# INTRODUCTION

Tax expenditures are deviations from the basic tax structure that reduce taxes for specific taxpayers or groups of taxpayers. Tax expenditures have traditionally been used to alter the distribution of the tax burden and to create incentives for taxpayers to change economic behavior. They provide economic benefits and are often used as alternatives to direct governmental allocations. The federal government and most states currently produce tax expenditure reports. In New York City, the first annual Tax Expenditure Report was produced in 1990.

The New York City Charter requires the City to provide a full accounting of local tax expenditure programs. Section 240 of the Charter mandates that an annual City tax expenditure report include:

- a comprehensive list of City-specific tax expenditures;
- the citation of legal authority and the objectives and eligibility requirements of each tax expenditure;
- data (as available) on the number and kinds of taxpayers that benefit from City tax expenditure programs and the total value of these programs;
- data on the number and kinds of taxpayers that carry forward tax benefits to future years and the total value of these carry-forwards;
- data (as available) on the economic and social impact of City tax expenditure programs; and
- a list and summary of all evaluations and audits of City tax expenditure programs conducted during the previous two years.

The Fiscal Year 2011 New York City Tax Expenditure Report includes detailed distributional information for City real property tax expenditure programs and, where available, for other tax expenditure programs. Such data are intended to help policy makers evaluate the impact of tax benefit programs.

Part I provides the criteria that define City tax expenditures and the methodology used to identify and estimate the cost of such expenditures. Parts II and III describe tax expenditures for the real property tax and business income and excise taxes, respectively. Part IV describes tax expenditures for the City's sales tax and personal income tax, which are administered by New York State. Part V summarizes audits and evaluations of City tax expenditures that have been conducted during the previous two years.

Appendices provide the text of the main provisions of New York City Charter Section 240, the Finance Department's taxes-per-worker calculations and ranking of industry sectors, and supplemental statistical data for real property tax expenditures.

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# PART I

## DEFINITION OF TAX EXPENDITURES

Defining a normal tax structure and identifying specific tax expenditure items are subjective and controversial exercises. Some proponents of tax expenditure reporting recommend that tax expenditure lists be as inclusive as possible, identifying all deductions or credits that reduce the taxable base from 100 percent of income and wealth. Others recommend a more narrow definition, focusing on targeted measures that provide preferential treatment. This latter approach assumes that the definition of the taxable entity and the general rate schedule are part of the "normal" tax system.

This report utilizes the more targeted approach. In accordance with City Charter requirements, it identifies provisions of City-administered taxes that are intended to confer special tax benefits. This approach focuses attention on information needed for local policy evaluation and public accountability.

A tax expenditure is defined as a revenue loss attributable to a provision of the tax law that allows a special exclusion, exemption, or deduction or that provides a special credit, preferential rate of tax, or deferral of tax liability. This report classifies a provision of the tax law as a tax expenditure if the following conditions are met:

| | | |
|---|---|---|
| City-Specific | - | The tax expenditure derives from a tax administered by the City. |
| Targeted Preference | - | The tax provision is "special" in that it is targeted to a narrow class of transactions or taxpayers. |
| Clear Exception | - | The tax provision constitutes a clear exception to a general provision of the tax laws. |

## Methodology

**Application of City Tax Expenditure Criteria**

Parts II and III of this report cover tax expenditures related to the following City-administered taxes: real property tax, banking corporation tax, commercial rent tax, general corporation tax, real property transfer tax, unincorporated business tax, and utility tax. Part II, which covers the real property tax, includes programs that exist throughout New York State and others that are granted by means of public authorities. Tax expenditures related to the State-administered mortgage recording tax are included in Part III and those derived from the personal income tax and sales and use tax, both City taxes administered by the State, are discussed in Part IV.

Tax exemptions provided to government entities and to non-profit organizations that serve the public at large are not included as City tax expenditures because such exemptions are routinely granted by states and municipalities and generally reflect conformity with federal law.

## Definition of Tax Expenditures

### Data

Revenue information for property tax exemptions and abatements is for the City's Fiscal Year 2011 (July 1, 2010 - June 30, 2011), and is based on the final assessment roll, unless otherwise noted. Estimates for business income and excise taxes and sales and use taxes are for Tax Year 2007, the latest year for which complete data are available. Amounts reported for the personal income tax are for Tax Year 2008. The tax year corresponds to the calendar year for most taxpayers. Figures reported for the Commercial Rent Tax are from July 1, 2007 to June 30, 2008, except where stated otherwise. All estimates are derived from Department of Finance data, unless otherwise noted. Data for Payments-in-Lieu-of-Taxes (PILOTs) are based on Department of Finance data and information provided by the City's Office of Management and Budget.

### Measurement

In Parts II and III, the tax expenditure information provided for each item represents a direct mathematical calculation of the tax revenue foregone.[1] The estimate is not intended to represent the potential revenue gain for the City if the expenditure were eliminated. For example, the absence of a tax expenditure item may lead taxpayers to take advantage of other tax relief programs. In certain cases, the elimination of a tax expenditure item may even result in a revenue loss if the benefit had been stimulating other taxable economic activity. The data provided in this report do not take into account the effect of tax expenditures on the economic behavior of taxpayers or on the City's overall economy.

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[1] For purposes of the real property tax, the calculation is based on the assumption that the City would have sufficient authority under the New York State Constitutional tax limit to levy the tax if property tax exemptions were eliminated.

# PART II

# REAL PROPERTY TAX EXPENDITURES

## Overview

The City's real property tax, its single largest revenue source, is expected to be close to $17 billion, or roughly 44 percent of total tax revenue, in FY 2011. Real property tax programs will provide benefits through 292,683 exemptions and 515,832 abatements.[1] These exemptions and abatements will result in a total tax expenditure of about $4.1 billion in FY 2011.[2]

The City's property tax programs can generally be categorized as: (1) building-wide incentives for spurring construction; or (2) tax relief to individual homeowners or tenants. The City derives its authority for providing real property tax expenditures from a variety of New York State laws, provisions in the City Charter, the City Administrative Code, and agency regulations. Sunset dates are included for many programs to allow for periodic review of continuing need and, if necessary, to institute revisions in the law. Annual reports are mandated for some programs. Tax expenditures are largely granted and administered by various City agencies. The City also uses State-wide programs and public agencies to provide housing and economic development incentives to the local real estate market.

A statistical appendix provides information on the distribution of housing units by residential exemption program, borough, and property type.

## Tax Expenditure Purposes

Property tax expenditures support residential, commercial and individual assistance programs.

### Residential

Housing benefits comprised 47 percent of property tax expenditures, with a value of $1.9 billion in FY 2011. Different programs provide incentives for new construction or rehabilitation of small homes and/or multi-family buildings. Some programs are combined with additional financial assistance to target benefits for moderate- and middle-income housing. Several housing programs vary benefits on the basis of geographic criteria. The exemption benefits granted to residential properties are frequently extended to commercial space within the same building. The single largest residential incentive program covers Limited-Profit Housing Companies, otherwise known as Mitchell-Lama housing.

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[1] A tax exemption provides relief through a reduction in taxable assessed value. A tax abatement reduces real property tax liability through a credit rather than a reduction in taxable value. A single property may qualify for both an exemption and abatement of taxes.

[2] The School Tax Relief (STAR) program is locally administered through a real property tax exemption. However, it does not qualify as a local tax expenditure because the State bears the cost of the program. Consequently, the STAR program has been excluded from the report.

## Real Property Tax

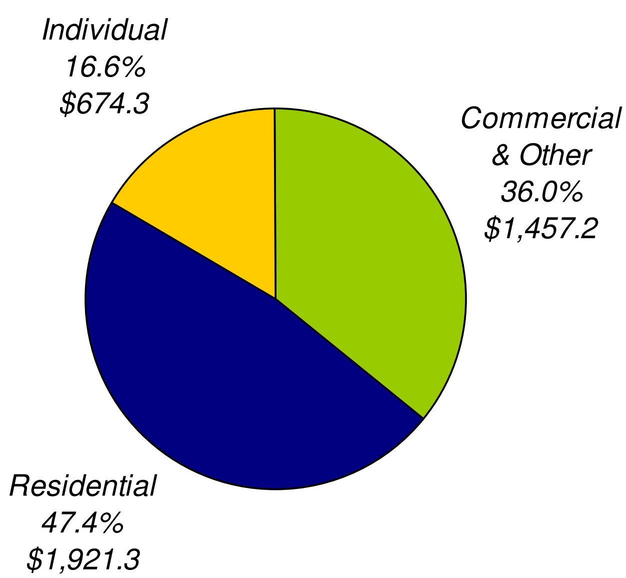
**Commercial**

The value of commercial incentives was $1.5 billion, or 36 percent of total property tax expenditures. Total benefits comprised 14,798 exemptions and 1,047 abatements. Properties assisted by the commercial programs range from hotels, retail space, and office buildings to properties involved in manufacturing and distribution activities, such as factories and warehouses. The programs frequently provide more extensive benefits to industrial construction and renovation. (In Chart 1, the Commercial category includes the Chrysler Building and certain other tax expenditures; see Table 1.)

**Individual Assistance**

The smallest real property tax expenditure category, programs for individual assistance, totaled $674 million. There were 115,423 exemptions that reduced taxes for veteran and senior citizen homeowners, while the Senior Citizen Rent Increase Exemption (SCRIE) provided relief to about 50,000 senior citizen renters. Senior citizen programs are based on the income of the qualifying individual who legally owns or occupies the property. The City's Co-op/Condo Program reduced the FY 2011 tax bills of certain class two co-op and condo owners by $414 million.

**Chart 1**
**Real Property Tax Expenditures**
**By Purpose, FY 2011**
**Total: $4,052.8 million**



## Tax Expenditure Sources

The major sources of tax expenditures include City and State programs and public agencies. Various state programs are included in this report since the City administers the related exemptions and these programs serve as channels for housing and economic development incentives in the City (see Chart 2, next page).

### City Programs

This category includes local incentives granted directly by the City for housing, commercial development, and individual assistance, and state programs in which participation is at the discretion of the locality. These tax expenditures totaled $2.7 billion, or 66 percent of all property tax expenditures. Residential incentives accounted for 48 percent of City program expenditures and were valued at $1.3 billion. Another 27 percent of City program tax expenditures resulted from economic development programs.

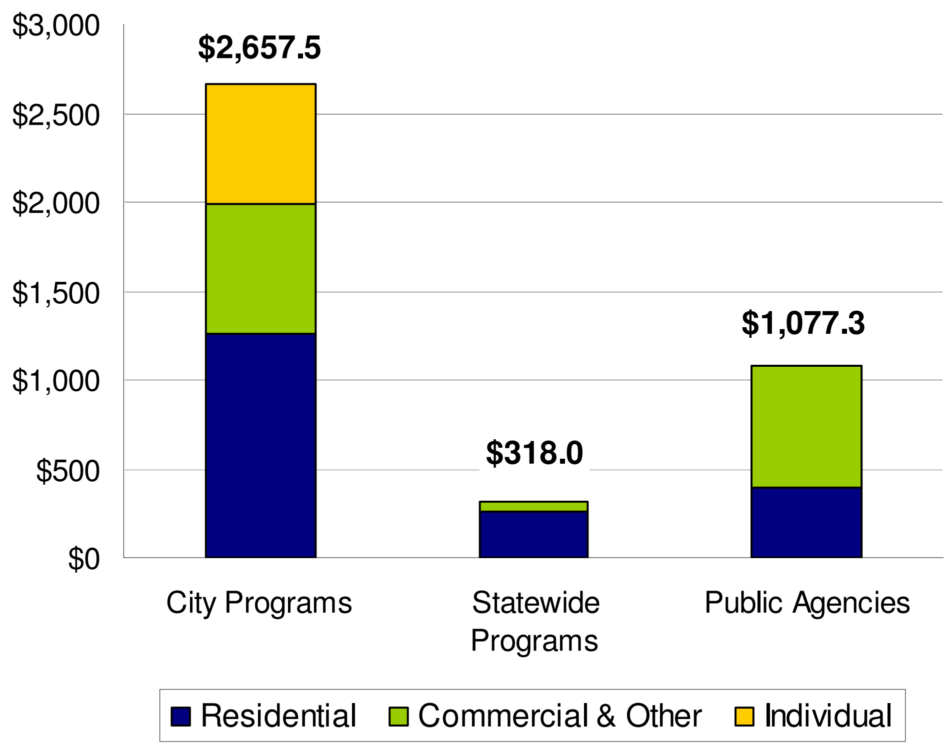
### State Programs

These are predominantly residential programs that have many of the same goals as the City programs but are not exclusive to City taxpayers. For these programs, the net tax expenditure is displayed after deducting Payments-in-Lieu-of-Taxes (PILOTs) and Shelter Rent. Of the total $318 million of property tax expenditures in this category, 83 percent was granted to moderate- and middle-income housing, with the largest proportion going to Limited-Profit Housing Companies.

### Public Agencies

Although tax exemptions are granted to all public authorities, the exempt properties included in this report benefit certain taxpayers rather than the public at large. The agencies include the City's Industrial Development Agency, the New York City Housing Authority, the State Urban Development Corporation and the regional Port Authority of New York and New Jersey. Commercial and industrial projects accounted for about $683 million of the tax expenditures attributable to public agencies. The New York City Housing Authority accounted for about 83 percent of the $394 million in residential tax expenditures in this category.

Chart 2
Real Property Tax Expenditures
By Source, FY 2011
Total: $4,052.8 million



## Detailed Program Descriptions

The following sections provide information on tax expenditures within the real property tax. Table 1 lists City programs, with a distribution by borough in Table 2. Similarly, Table 3 covers statewide programs, with borough analysis in Table 4. Public Agencies are reviewed on a citywide basis in Table 5, with borough analysis in Table 6. Terms are described below.

**Number of Exemptions:** This column provides the number of exemptions under each program. Certain properties may be eligible for more than one exemption, such as the Veterans and Senior Citizen exemptions. As a result, the number of exemptions does not coincide with the number of parcels receiving exemptions.

**Exempt Assessed Value:** Exemptions exclude from the tax rolls a portion of the assessed value, whether the result of new construction (for example, the Industrial and Commercial Incentive Program) or tax relief programs targeted to individuals (Senior Citizen Homeowner Exemption). When a program provides an abatement of property taxes, this column is marked “N/A” and the value of the abatement can be found in the column marked “Tax Expenditures.”

**Tax Expenditures:**

*Exemptions:* For exemption programs, expenditures were determined by applying the appropriate tax rates to the exempt values in each category. Exemption categories were analyzed to determine the amount of exemption attributable to each of the City’s four tax classes.

*Abatements:* Abatement benefits are direct dollar offsets to property tax liability. They are often based upon factors that are unrelated to assessed values. For example, an abatement granted to a landlord under the SCRIE program is based upon the cumulative amount of rent increases not collected from eligible senior citizen renters living in the apartment building.

**Residential/Commercial:** In Tables 1, 3, and 5, the number of exemptions, exempt assessed value, and tax expenditure are further detailed between residential and commercial use. The residential category includes those properties designated as tax class one or two. The commercial category includes all others, including properties that combine residential and commercial use.

**Gross Tax Expenditures:** In Tables 3 and 5, gross tax expenditures are determined by applying the appropriate tax rates to the exempt values, using the same methodology that was applied for Tax Expenditures in Table 1, but not accounting for any offsetting revenues.

**Payments-in-Lieu-of-Taxes (PILOTs):** Although exempt from taxation, certain properties may be contractually obligated to make payments to the City. Additionally, certain housing programs require payment of taxes based on a shelter rent formula, defined as gross rent less utility costs. Though available by exemption, this information may not be currently available by property type.

**Net Tax Expenditures:** These values are determined by reducing the gross tax expenditures by applicable PILOTs. Tax abatements, which are credits used to reduce tax liability (rather than assessment reductions), are included in this column.

## Real Property Tax

**Table 1**
**CITY PROGRAMS**
**REAL PROPERTY TAX EXPENDITURES**
**Fiscal Year 2011**

| Program | Number of Exemptions & Abatements | Exempt Assessed Value[1] ($ millions) | Tax Expenditure ($ millions) |
|---|---|---|---|
| **HOUSING DEVELOPMENT** | **244,712** | **9,141.4** | **1,310.8** |
| J-51 Exemption | 20,758 | 1,208.4 | 161.1 |
| Residential | 20,750 | 1,196.9 | 159.9 |
| Commercial | 8 | 11.5 | 1.2 |
| J-51 Abatement | 151,957 | N/A | 95.6 |
| Residential | 151,938 | N/A | 95.4 |
| Commercial | 19 | N/A | 0.2 |
| 421-a, New Multiple Dwellings | 55,821 | 6,877.5 | 911.6 |
| 10-year exemption | 16,837 | 2,241.6 | 291.5 |
| 15-year exemption | 23,863 | 1,277.4 | 172.3 |
| 20-year exemption | 132 | 1,957.9 | 260.1 |
| 25-year exemption | 14,989 | 1,400.6 | 187.7 |
| Residential | 49,647 | 6,429.5 | 865.4 |
| Commercial | 6,174 | 448.0 | 46.2 |
| 421-b, New Private Housing | 10,673 | 119.8 | 20.8 |
| HPD Division of Alternative Management | 1,017 | 137.6 | 18.4 |
| Lower Manhattan Conversion[2] | 3,564 | 350.4 | 46.4 |
| 420-c, Low-Income Housing | 922 | 447.6 | 57.0 |
| Rehabilitation of Single-Room Occupancy Housing[3] | …….. | N/A | 0.0 |
| **INDIVIDUAL ASSISTANCE** | **536,218** | **992.7** | **674.3** |
| Senior Citizen Homeowner Exemption (SCHE) | 49,539 | 589.8 | 95.6 |
| Senior Citizen Rent Increase Exemption(SCRIE)[4] | 49,691 | N/A | 124.6 |
| Disabled Person Rent Increase Exemption (DRIE)[5] | 5,286 | N/A | 9.3 |
| Veterans Exemption | 65,884 | 354.9 | 23.0 |
| Low Income Disabled Homeowner Exemption | 4,152 | 47.9 | 7.8 |
| Physically Disabled Crime Victims Exemption | 6 | 0.1 | 0.0 |
| Co-op/Condo Abatement | 361,660 | N/A | 413.9 |

*(continued)*

1 When the program provides an abatement rather than an exemption, this column is marked "N/A".
2 The Lower Manhattan Conversion program was enacted as part of the Commercial Revitalization Program, described later.
3 Data on number of abatements is unavailable. Total tax value of abatement is less than $100,000.
4 Active SCRIE tenants and value of exemption in FY2011. NOTE: Revised FY2010 data. Number of tenants: 41,552; value of the exemption: $103.4 million.
5 Active DRIE tenants and value of exemption in FY2011. NOTE: Revised FY2010 data. Number of tenants: 5,500; value of the exemption: $9.0 million.

Totals may not add due to rounding.

**Table 1 *(continued)***
**CITY PROGRAMS**
**REAL PROPERTY TAX EXPENDITURES**
**Fiscal Year 2011**

| Program | Number of Exemptions & Abatements | Exempt Assessed Value[1] ($ millions) | Tax Expenditure ($ millions) |
|---|---|---|---|
| **ECONOMIC DEVELOPMENT** | **8,065** | **6,095.7** | **653.6** |
| Industrial & Commercial Incentive Program | 7,036 | 5,951.7 | 623.4 |
| Industrial & Special Commercial | 2,556 | 2,439.8 | 258.2 |
| All Other Commercial Projects | 4,480 | 3,511.9 | 365.3 |
| Other Commercial & Industrial Programs | 1,029 | 144.0 | 30.2 |
| Major League Sports Facilities | 1 | 144.0 | 14.8 |
| Commercial Expansion Program | 1,028 | N/A | 15.3 |
| **OTHER** | **1,188** | **177.3** | **18.8** |
| Chrysler Building | 1 | 177.3 | 18.6 |
| "Green Roof" Abatement | 45 | N/A | 0.0 |
| Solar Electric Generating System Abatement | 1,142 | N/A | 0.3 |
| **TOTAL: CITY PROGRAMS** | **790,183** | **16,407.1** | **2,657.5** |
| Total Residential | 238,511 | 8,681.8 | 1,263.2 |
| Total Commercial/Industrial | 14,266 | 6,555.2 | 701.2 |
| Total Individual Assistance | 536,218 | 992.7 | 674.3 |
| Other | 1,188 | 177.3 | 18.8 |

**Table 2**
**CITY PROGRAMS**
**REAL PROPERTY TAX EXPENDITURES BY BOROUGH**
**Fiscal Year 2011**

| | MANHATTAN | | THE BRONX | | BROOKLYN | | QUEENS | | STATEN ISLAND | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Number of Exemptions & Abatements | Tax Expenditure ($ millions) | Number of Exemptions & Abatements | Tax Expenditure ($ millions) | Number of Exemptions & Abatements | Tax Expenditure ($ millions) | Number of Exemptions & Abatements | Tax Expenditure ($ millions) | Number of Exemptions & Abatements | Tax Expenditure ($ millions) |
| **HOUSING DEVELOPMENT PROGRAMS** | **39,045** | **784.8** | **140,842** | **128.4** | **37,276** | **257.1** | **21,081** | **125.2** | **6,468** | **15.3** |
| J-51 Exemption | 1,995 | 57.9 | 13,387 | 44.2 | 4,954 | 45.8 | 418 | 11.9 | 4 | 1.2 |
| J-51 Abatement | 13,319 | 28.5 | 123,141 | 31.7 | 7,651 | 22.3 | 7,276 | 12.4 | 570 | 0.7 |
| 421-a, New Multiple Dwellings | 19,266 | 613.2 | 3,040 | 34.9 | 22,625 | 167.6 | 10,694 | 93.7 | 196 | 2.3 |
| 421-b, New Private Housing | 16 | 0.1 | 855 | 1.6 | 1,438 | 3.2 | 2,671 | 5.5 | 5,693 | 10.4 |
| HPD Division of Alternative Management | 559 | 13.4 | 235 | 2.2 | 216 | 2.7 | 7 | 0.1 | 0 | 0.0 |
| Lower Manhattan Conversion | 3,564 | 46.4 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| 420-c, Low-Income Housing | 326 | 25.4 | 184 | 13.8 | 392 | 15.6 | 15 | 1.6 | 5 | 0.6 |
| **INDIVIDUAL ASSISTANCE PROGRAMS** | **221,873** | **404.8** | **35,102** | **35.2** | **96,259** | **93.2** | **158,483** | **122.6** | **24,501** | **18.4** |
| Senior Citizen Homeowner Exemption (SCHE) | 1,828 | 9.0 | 4,577 | 7.5 | 13,957 | 26.6 | 22,561 | 41.4 | 6,616 | 11.0 |
| Senior Citizen Rent Increase Exemption (SCRIE) | 16,112 | 43.4 | 7,363 | 17.5 | 14,870 | 34.7 | 11,013 | 28.6 | 333 | 0.5 |
| Disabled Person Rent Increase Exemption (DRIE) | 1,617 | 2.9 | 1,072 | 1.6 | 1,627 | 2.9 | 922 | 1.9 | 48 | 0.1 |
| Veterans Exemption | 5,661 | 5.1 | 5,082 | 1.4 | 13,735 | 4.1 | 28,346 | 8.4 | 13,060 | 3.9 |
| Low-Income Disabled Homeowner Exemption | 129 | 0.4 | 383 | 0.7 | 1,111 | 2.1 | 1,531 | 2.8 | 998 | 1.8 |
| Phys. Disabled Crime Victims Exemption | 1 | 0.0 | 0 | 0.0 | 2 | 0.0 | 1 | 0.0 | 2 | 0.0 |
| Co-op/Condo Abatement | 196,525 | 343.9 | 16,625 | 6.6 | 50,957 | 22.8 | 94,109 | 39.4 | 3,444 | 1.1 |
| **ECONOMIC DEVELOPMENT PROGRAMS** | **1,445** | **224.3** | **911** | **67.8** | **2,607** | **127.8** | **2,445** | **209.2** | **657** | **24.6** |
| Industrial & Commercial Incentive Program | 822 | 199.3 | 881 | 67.6 | 2,409 | 126.1 | 2,272 | 205.9 | 652 | 24.6 |
| Major League Sports Facilities | 1 | 14.8 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Commercial Expansion Program | 622 | 10.2 | 30 | 0.2 | 198 | 1.6 | 173 | 3.3 | 5 | 0.0 |
| **OTHER** | **1,117** | **18.3** | **6** | **0.1** | **49** | **0.0** | **15** | **0.1** | **1** | **0.0** |
| Chrysler Building | 1 | 18.3 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| "Green Roof" Abatement | 0 | 0.0 | 0 | 0.0 | 45 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Solar Electric Generating System Abatement | 1,116 | 0.0 | 6 | 0.1 | 4 | 0.0 | 15 | 0.1 | 1 | 0.0 |
| **TOTAL: CITY PROGRAMS** | **263,480** | **1,432.2** | **176,861** | **231.5** | **136,191** | **478.1** | **182,024** | **457.1** | **31,627** | **58.4** |

Note: Totals may not add due to rounding.

# J-51 Program, Residential Alterations and Rehabilitation

## Citation

NYS Real Property Tax Law, Section 489
NYC Administrative Code, Section 11-243

## Policy Objective

To encourage the rehabilitation of existing residential structures by providing tax exemptions and abatements.

## Description

J-51 benefits vary based on government involvement in the rehabilitation of the property, its location, and the extent and nature of the improvement. A 1993 amendment restructured the exemption benefit for new projects, replacing the last two benefit years at full exemption with a four-year period of declining exemption, resulting in a less abrupt transition to full taxation. Additionally, this amendment increased the number of properties eligible for the abatement benefit by increasing the assessed value limitation imposed on multiple dwellings, other than condominiums or cooperatives, from $30,000 to $40,000.

Government-assisted projects receive enriched benefits, including a tax exemption for 34 years (30 years at full exemption followed by a four-year period of declining exemption) on the increase in assessed value due to renovation or rehabilitation, and an abatement that may equal the actual claimed cost, applied at a rate of 12.5 percent annually, for up to 20 years. Rehabilitation of formerly City-owned buildings receiving substantial government assistance through a program for affordable housing may also receive a 34-year exemption and an abatement of up to 150 percent of the reasonable cost of rehabilitation. In 1993, these enriched exemption and abatement benefits were extended to conversions of class A multiple dwellings and rehabilitation of class A buildings that are not entirely vacant, pursuant to the above conditions.

Properties that undergo renovations that qualify as Major Capital Improvements, such as the replacement of heating, plumbing or roofing systems, installation of new windows, or exterior and parapet wall repainting, may receive an exemption for 14 years (10 years at full exemption followed by a four-year period of declining exemption). Existing taxes may be abated for up to 90 percent of the reasonable cost of rehabilitation, at a rate of 8⅓ percent per year, for as long as 20 years. Buildings in designated areas of Manhattan below 96th Street are eligible for abatement of taxes on the building assessment, not the land, up to $2,500 per unit. Moderate rehabilitation projects, where there is a significant improvement to at least one major building-wide system, receive a 34-year tax exemption and an abatement of no more than 20 years for up to 100 percent of the reasonable cost. A major requirement is that the property remains substantially occupied during the rehabilitation.

Rental units must remain under rent regulation during the benefit period. Benefits are also available to cooperatives, condominiums, and Mitchell-Lama housing, with some limitations.

A 2003 amendment to the program authorizes J-51 exemption (but not abatement) benefits for projects that result in an expansion of the gross cubic content of the building, provided that the floor area of the existing building that was converted, altered or improved comprises at least 50 percent of the completed structure. (In Manhattan between 110th Street and Chambers Street, such a project could qualify for exemption benefits only if it was aided by a government grant, loan or subsidy.)

Amendments adopted in 2005 exempt Mitchell-Lama projects that meet certain conditions from certain eligibility limitations, including those that apply to cooperative and condominium buildings.

In 2007, the deadline by which a project must be completed in order to qualify for J-51 benefits was extended from December 30, 2007 to December 30, 2011.

## Distributional Information

In FY 2011, the J-51 program provided 20,758 exemptions and 151,957 abatements to approximately 750,000 apartments. The exempt assessed value of these properties was $1,208.4 million. This total exempt value was distributed according to property type as shown in the table below. Rentals in Manhattan, the Bronx, and Brooklyn received the largest proportion of J-51 benefits. Additional distributional information appears in Appendix IV.

| Property Type | Percent of Total Units | Percent of Exempt Assessed Value[1] |
|---|---|---|
| 1- 3 Family | 0.13% | 0.12% |
| Condos | 6.84% | 19.57% |
| Co-ops | 32.72% | 4.87% |
| Rentals | 60.23% | 74.94% |
| Mixed-Use | 0.08% | 0.50% |
| | 100.00% | 100.00% |

[1] For properties receiving exemption only.

## Tax Expenditure

$256.7 million; consists of $161.1 million in exemption-related and $95.6 million in abatement-related tax expenditures.

## Section 421-a, New Multiple Dwellings

### Citation

NYS Real Property Tax Law, Section 421-a
NYC Administrative Code, Sections 11-245 and 11-245.1

### Policy Objective

To promote construction of multi-family residential buildings with at least three dwelling units by providing a declining exemption on the new value created by the improvement.

### Description

The Section 421-a Program is used to promote multi-family residential construction by providing a declining exemption on the new value created by the improvement. The program has been amended since its initial enactment in the early 1970's to expand benefits based on location and other qualifying conditions, which include: (a) substantial government assistance; (b) at least 20 percent of the units must be reserved for low- and moderate-income occupants; or (c) participation in the lower-income housing production program. All projects are eligible for exemption during the construction period, which may not exceed three years.

The 421-a program is defined according to location:

- In the Manhattan Exclusion Zone (roughly defined as south of 96th Street, north of Houston Street on the west side, and north of 14th Street on the east side), properties receive a 10-year declining exemption only if they meet condition (a), (b), or (c) above. The property enjoys a full exemption for two years followed by an eight-year period during which taxes are phased in at 20 percent every two years.

- Properties located in Manhattan south of 110th Street, but not in the Exclusion Zone, receive a 20-year exemption if construction commences after July 1, 1992 but before December 31, 2007 and if the project meets qualifying condition (a) or (b). The property will receive a full exemption for 12 years followed by an eight-year period during which taxes are phased in at 20 percent every two years.

- However, if the properties specified in the above paragraph do not qualify for a 20-year exemption, they will receive only a 10-year exemption, unless they meet condition (a), (b), or (c). If one of these conditions is met, they are granted a 15-year exemption, 11 years of full exemption followed by a four-year phase-in of full taxation.

- Properties in Manhattan north of 110$^{th}$ Street and in the other four boroughs are granted the same 15-year exemption. However, if they meet one of the qualifying conditions or are located in a neighborhood preservation area, they receive full exemption for 21 years followed by a four-year declining exemption. In 2005, restrictions on benefits and additional requirements were imposed on certain projects in the Greenpoint-Williamsburg waterfront area of Brooklyn.

- Rental projects are subject to the provisions of the Rent Stabilization Act during their exemption period.

In 2003, the State Legislature expanded the program to cover projects that include new residential construction and the concurrent conversion, alteration or improvement of an existing building, provided the floor area of the existing building does not represent more than 49 percent of the completed structure. (In Manhattan, between 110th Street and Chambers Street, such a project could qualify for exemption only if it was aided by a governmental grant, loan, or subsidy.)

Local legislation enacted in 2006 and state legislation enacted in 2007 and 2008 made major changes in the 421-a program. Most of the changes apply to projects commenced after June 30, 2008, while several apply to those commenced after December 27, 2007. Among other changes, the new legislation expands and adds geographic exclusion zones in which affordable housing must be provided in exchange for benefits, places limits on benefits in certain areas where they were formerly available as-of-right, sets an assessed value cap in calculating benefits for certain market-rate units, and requires the provision of on-site affordable housing within the exclusion zones in place of the former negotiable certificate program. The 421-a program is administered by the City's Department of Housing Preservation and Development.

## Distributional Information

In FY 2011, the City provided 49,647 residential exemptions under the 421-a program. Condominium apartments and rental buildings received a large percentage of these exemptions. Overall, there were 124,267 apartment units receiving tax benefits with an exempt value of $6,878 million. This total exempt value was distributed according to property type as shown in the table below. Additional distributional information appears in Appendix IV.

| Property Type | Percent of Total Units | Percent of Total Exempt Assessed Value |
|---|---|---|
| 1-3 Family | 13.39% | 2.51% |
| Condos | 34.69% | 44.55% |
| Co-ops | 3.78% | 4.29% |
| Rentals | 47.67% | 42.15% |
| Mixed-Use | 0.47% | 6.52% |
| | 100.00% | 100.00% |

## Tax Expenditure

$911.6 million

## Section 421-b, New Private Homes

### Citation

NYS Real Property Tax Law, Section 421-b

### Policy Objective

To promote new one- and two-family home construction by making home ownership more affordable to a larger segment of the population.

### Description

The 421-b program provides a declining eight-year property tax exemption for the construction of one- and two-family homes. There are no geographic restrictions.

As in other programs, the building assessment is exempt during the construction period, not to exceed two years. Thereafter, the property is fully exempt for an additional two years. In the third year, the exemption is reduced to 75 percent and declines by 12½ percent in each subsequent year, until the ninth year when the property becomes fully taxable. The exemption is applicable only to the value of the new construction. During the exemption period, the property owner must pay a minimum tax, which is based on the lesser of: (a) the assessed valuation during the tax year immediately preceding the tax year in which construction was commenced; or (b) in the case of new construction, the assessed valuation of the land appearing on the tax roll in the first year after completion of construction.

The 421-b program has been periodically extended, most recently to projects commenced between July 1, 2002 and June 30, 2006 and completed no later than July 1, 2011.

In 2004, the State legislature expanded the program to include certain owner-occupied multiple dwellings containing up to four dwelling units. To qualify, the multiple dwelling must be in a government-assisted project located on property acquired by the federal government through foreclosure of a federally-insured mortgage and conveyed to an approved owner for rehabilitation pursuant to an agreement with the federal government.

### Distributional Information

In FY 2011, the City provided 10,673 exemptions worth $119.8 million in exempt assessed value. One- to three-family homes in Staten Island accounted for 41 percent of the 18,516 units that received benefits from this program. Additional distributional information appears below and in Appendix IV.

## Real Property Tax

| Property Type | Percent of Total Units | Percent of Exempt Assessed Value |
|---|---|---|
| 1-3 Family | 99.85% | 99.83% |
| Condos | 0.02% | 0.08% |
| Co-ops | 0.00% | 0.00% |
| Rentals | 0.08% | 0.03% |
| Mixed-Use | 0.05% | 0.06% |
| | 100.00% | 100.00% |

### Tax Expenditure

$20.8 million

## Department of Housing Preservation and Development - Division of Alternative Management Programs (DAMP)

### Citation

NYS Private Housing Finance Law, Section 577

### Policy Objective

To return City-owned residential properties to private ownership.

### Description

The Division of Alternative Management Programs operates several programs that select alternative managers for residential properties foreclosed by the City for nonpayment of taxes, with the goal of returning these properties to the tax roll. These programs are known as the Community Management Program (CMP), the Tenant Interim Lease Program (TILP), the Private Ownership and Management Program (POMP), and the Urban Homesteading Program. These programs differ in the kind of alternative manager they select.

The CMP selects not-for-profit community housing organizations to manage and upgrade occupied City-owned residential buildings in their neighborhoods. The goal of the program is to sell a building to its tenants as a low-income cooperative for $250 per unit.

The TILP helps organized tenant associations develop occupied City-owned buildings into economically self-sufficient, low-income tenant-owned cooperatives. The program provides training to the tenant associations, and the rental income is used to cover operating expenses, repairs, and management fees.

The POMP provides private real estate firms an opportunity to manage, repair and eventually purchase occupied City-owned buildings. Firms that pass an initial screening enter into a contract with DAMP, which allocates community development funds and capital budget funds to cover major repairs and the difference between operating costs and rent collections for the first six months. After a year of successful management under City supervision, the building may be sold to the private firm.

Under the Urban Homesteading Program, organized low- and moderate-income families with construction skills can rehabilitate and purchase vacant buildings as low-income cooperatives. Participants receive financial and technical assistance from the City.

Properties sold through DAMP receive certain real property tax breaks on the residential portion of the property for a forty-year period. For properties in the program in FY 1990, the taxable assessed value of the residential portion is equal to $3,500 per dwelling unit. For properties that have entered the program since FY 1990, the taxable assessed value per unit is subject to the terms of the applicable City Council resolution. Commencing July 1, 1990 and applicable to all properties in the program, the taxable assessed value per dwelling unit is subject to limited increases of 6 percent annually and 20 percent over any five-year period. Any assessed value in excess of these amounts is fully exempt.

## Distributional Information

In FY 2011, there were 1,017 DAMP exemptions on properties containing 20,921 housing units. The total exempt assessed value was $137.6 million. These benefits were distributed by property type as shown in the table below. Additional distributional information appears in Appendix IV.

| Property Type | Percent of Total Units | Percent of Exempt Assessed Value |
|---|---|---|
| 1-3 Family | 0.08% | 0.04% |
| Condos | 0.00% | 0.00% |
| Co-ops | 73.12% | 69.58% |
| Rentals | 26.80% | 30.29% |
| Mixed-Use | 0.00% | 0.09% |
| | 100.00% | 100.00% |

## Tax Expenditure

$18.4 million

## Commercial Revitalization Program and Commercial Expansion Program

### Description

In 1995, at the City's request, the State Legislature enacted the Commercial Revitalization Program designed to increase tenant occupancy in office and retail space in lower Manhattan and in certain other areas of the City and to reduce building obsolescence by encouraging investment in older commercial space or conversion to residential use. The program provides tax incentives through the real property and commercial rent taxes and energy subsidies through the Energy Cost Savings Program.

In 2000, the State Legislature enacted the Commercial Expansion Program in order to promote the development of commercial and industrial areas outside of Manhattan's central business districts.

The components of these programs are listed below. Since some of the components are part of other City tax expenditure programs, more detailed descriptions of program benefits are provided separately, either as part of write-ups on general programs or as stand-alone entries. The detailed write-ups can be found on the pages indicated below.

#### Commercial Revitalization Program: Lower Manhattan


| | page |
|---|---|
| Real Property Tax Abatement[1] | 22 |
| Commercial Rent Tax Abatement | 73 |
| Energy Cost Savings Program | 73 |
| Conversion of Non-Residential Buildings to Residential Use | 26 |
| Conversion of Non-Residential Buildings to Mixed-Use | 27 |


#### Commercial Expansion Program: Special Garment Center District and Designated Areas Outside of Manhattan's Central Business Districts


| | page |
|---|---|
| Real Property Tax Abatement [1] | 24 |
| Relocation and Employment Assistance Program (REAP) | 79 |
| Industrial and Commercial Incentive Program / Industrial and Commercial Abatement Program | 38 |


[1] As a part of the Commercial Revitalization Program, a tax abatement program was created for commercial leases in selected areas of Manhattan above 96th street and the other boroughs. This program (sections 499aa through 499hh of the Real Property Tax Law) was expanded as part of the Commercial Expansion Program.

## Commercial Revitalization Program: Commercial Leases in Lower Manhattan

### Citation

NYS Real Property Tax Law, Sections 499a – 499h

### Policy Objective

To promote more productive use of older commercial properties in Lower Manhattan by stimulating economic activity.

### Description

At the request of the City, the State Legislature enacted the Commercial Revitalization Program in 1995 to promote economic activity in lower Manhattan and certain other areas of the City.[1] The Real Property Tax Abatement Program was, and still is, an integral part of the revitalization strategy to increase tenant occupancy of office and retail space and encourage investment in older commercial space.

The real property tax abatement is granted for space that has been leased (new, renewal, or expansion lease) for office or retail purposes. For leases with a term of five years or more, the abatement lasts for five years. In years one, two and three, the abatement is equal to the tax liability per square foot, not to exceed $2.50 per square foot, for all leases commencing on or after April 1, 1997. The abatement for years four and five is equal to two-thirds and one-third, respectively, of the abatement initially granted. The program also provides a more limited abatement for leases with a minimum term of three years but less than five years. The abatement in the initial year equals the tax liability per square foot, but not exceeding $2.50 per square foot. In years two and three, the abatement is equal to two-thirds and one-third, respectively, of the abatement in the initial year. The minimum three-year lease term is an option available only to tenants who employ no more than 125 people at the eligible premises. Tenants employing more than 125 people must sign leases with a minimum term of 10 years.

The program imposes other eligibility requirements as follows:

- The space leased must be located in a non-residential or mixed-use building constructed prior to 1975 and located in the statutorily designated Abatement Zone.
- There are mandatory minimum required expenditures for tenant improvements and/or common areas.
- Pursuant to an amendment enacted in 2010, the lease must be signed within the eligibility period that will end March 31, 2014. Additionally, the benefit period cannot extend beyond March 31, 2020.

[1] The original Commercial Revitalization Program included a tax abatement program for commercial leases in selected areas elsewhere in the City. This benefit is now part of the Commercial Expansion Program.

In 2006, the program was extended to private elementary or secondary school premises.

## Tax Expenditure

See page 26.

## Commercial Expansion Program: Commercial and Industrial Leases in Special Garment Center District and in Areas Outside Manhattan's Central Business Districts

### Citation

NYS Real Property Tax Law, Sections 499-aa through 499-hh

### Policy Objective

To encourage businesses to locate in Manhattan above $96^{th}$ Street (or in the mid-town Special Garment Center District), the Bronx, Brooklyn, Queens, and Staten Island.

### Description

This program, originally enacted in 1995, was extended and amended in 2000 as part of the City's Commercial Expansion Program. The program provides a real property tax reduction for space that has been leased (new, renewal or expansion lease) for commercial, office or industrial purposes within Expansion areas — all manufacturing districts and most commercial areas outside of Manhattan's central business districts. The tax abatement is passed through to the tenant as a reduction in rent. The program excludes any space occupied or used for retail, hotel or residential purposes.

To be eligible, the premises must be located in a non-residential or mixed-use building with a minimum aggregate floor area of 25,000 square feet. The building and the premises must meet statutory deadlines concerning completion of construction and lease commencement date. Finally, the program requires minimum improvements to the premises, varying by the length of the lease and the number of employees that will be located at the premises.

The program provides the same tax benefits and structure as the Real Property Tax Abatement program under the Commercial Revitalization Program. Qualifying leases with a term of five years or more are eligible for a five-year tax abatement while qualifying leases with a term of at least three years but less than five years are eligible for the three-year benefit.

Under legislation enacted in 2005, the program was liberalized to promote manufacturing and industrial activity within the Expansion areas as well as in the Manhattan Special Garment Center District, as defined in the City's zoning resolution. "Industrial and manufacturing activities" are defined as activities involving the assembly of goods to create a different article, or the processing, fabrication or packaging of goods. A qualifying firm that enters into a lease for three years or more on or after July 1, 2005 is eligible for a tax abatement/rent reduction for up to 120 months. Space in any non-residential or mixed-use building can qualify for the benefit, regardless of the building's size or when it was constructed. Other program conditions have also been eased for qualifying firms, including those related to expenditures for building improvements and employment levels. In 2006, amendments modified and clarified the 2005 changes.

## Tax Expenditure

$15.3 million [real property tax abatements for commercial leases in Commercial Revitalization Program and Commercial Expansion Program areas].

## Lower Manhattan Conversion: Non-Residential Buildings to Residential Use

### Citation

NYS Real Property Tax Law, Section 421-g

### Policy Objectives

To promote more productive use of non-residential buildings in Lower Manhattan

### Description

Created as part of the Commercial Revitalization Program, section 421-g provides a real property tax exemption on the increase in assessed value due to conversion of non-residential buildings to residential use. The program also provides for an abatement of existing property taxes.

To qualify for tax benefits, the building must be in the statutorily defined Lower Manhattan Abatement Zone and a permit for conversion must be issued between July 1, 1995 and June 30, 2006. (Legislation enacted in 2005 changed the deadline from June 30, 2007 to June 30, 2006.) If, after conversion, more than 12 percent of the building's aggregate floor area consists of commercial, community facility and accessory use space, the exemption and abatement will be reduced by the difference between the percentage of space so used and 12 percent. If more than 25 percent of the aggregate floor space is used for commercial, community facility or accessory use, the exemption and abatement will be revoked. For the purpose of this statute, "accessory use space" will be deemed not to include home occupation or accessory parking space located not more than 23 feet above the curb level. Notwithstanding any other provision of State or local law relating to rent stabilization, the rents of dwelling units in an eligible building are subject to control while the building is receiving a tax exemption and/or abatement.

The program provides a tax exemption for 12 years, including the first eight years at 100 percent. In the remaining four years, the exemption percentage declines at a rate of 20 percentage points in each year. The tax abatement granted for the first ten years is equal to the property's taxes in its first year of participation in the program. In years 11 through 14 of the abatement period, the abatement percentage is reduced by 20 percentage points each year. If the property has been designated as a landmark prior to completion of conversion, the exemption and abatement periods are increased by extending the 100 percent exemption period to nine years and the full abatement period to 11 years.

### Tax Expenditure

$46.4 million

## Lower Manhattan Conversion: Non-Residential Buildings to Mixed Use

### Citation

NYS Real Property Tax Law, Sections 489-aaaaa through 489-iiiii

### Policy Objectives

To promote more productive use of non-residential structures in Lower Manhattan.

### Description

As part of the Commercial Revitalization Program, a tax exemption was granted to eligible buildings in the Lower Manhattan Abatement Zone that converted to residential or mixed residential/commercial use. After completion of construction, more than 25 percent of the building's floor space was required to be devoted to commercial or accessory use. To qualify, the owner was required to have applied for a certificate of eligibility no later than June 30, 1999 with construction work performed pursuant to a building permit issued no later than July 31, 1999.

This program provided the same exemption benefits and schedule as the Residential Conversion Program under section 421-g of the Real Property Tax Law. However, the program did not provide an abatement of existing taxes. The tax exemption for the first eight years was equal to 100 percent of the increase in assessed value due to the conversion construction work followed by a four-year phase-out.

### Tax Expenditure

No cost

## Section 420-c, Low-Income Housing Exemption

### Citation

NYS Real Property Tax Law, Section 420-c

### Policy Objective

To assist nonprofit organizations in providing affordable housing for low-income tenants.

### Description

The section 420-c program, enacted in 1993, provides a 100 percent exemption from real property taxes for qualifying low-income housing located in New York City. Under 2004 legislation, and applicable to exemption applications approved on or after September 28, 2004, the exemption generally applies to property owned by an entity wholly controlled by a charitable or social welfare organization recognized as exempt under the U. S. Internal Revenue Code, where the property provides housing accommodations to persons and families of low income, participates in or has participated in the federal low-income housing tax credit program, and is subject to a regulatory agreement with the City's Department of Housing Preservation and Development. The exemption terminates upon the expiration or termination of the regulatory agreement. Applications approved prior to September 28, 2004 were subject to different ownership and certain other requirements.

### Distributional Information

In FY 2011, there were 922 Section 420-c exemptions on properties containing roughly 12,000 housing units. The total exempt assessed value was $447.6 million. An estimated 88 percent of all units were rentals, with most of the remaining units being devoted to other uses such as adult care facilities and homes for the indigent.

### Tax Expenditure

$57.0 million

## Rehabilitation of Single-Room Occupancy Housing

### Citation

NYS Real Property Tax Law, Section 488-a
NYC Administrative Code, Section 11-244

### Policy Objective

To encourage the rehabilitation of existing single-room occupancy housing units.

### Description

Dating back to 1980, this program is designed to encourage the rehabilitation of multiple dwellings used for single-room occupancy by providing tax exemption and abatement for eligible improvements to a qualifying building. Eligible improvements include the upgrading or replacement of heating systems, electrical systems, elevators, plumbing, sprinklers, fire escapes and roofing, and other work necessary to meet code requirements. Qualifying buildings can receive tax exemption for 32 years on any increase in assessed value that results from eligible improvements, and an annual tax abatement, for up to 20 years, equal to 12½ percent of the reasonable cost of eligible improvements as certified by the Department of Housing Preservation and Development. The annual abatement cannot exceed the taxes otherwise payable for the year, and the total abatement cannot exceed the lesser of (a) 150 percent of the certified reasonable cost or (b) the actual cost of the eligible improvements.

This program has been extended periodically, most recently to eligible improvements commenced before December 31, 2011 and completed within 36 months from commencement.

### Tax Expenditure

Less than $100,000

## Senior Citizen Homeowner Exemption (SCHE)

### Citation

NYS Real Property Tax Law, Section 467
NYC Administrative Code, Section 11-245.3

### Policy Objective

To provide real property tax relief to elderly homeowners with limited incomes.

### Description

This program provides a partial exemption of the assessed value of the legal residence occupied in whole or in part by the owner(s) of the property. To qualify for the benefit, the following conditions must be met: (a) all owners must be at least 65 years of age, except that if the property is owned by a married couple or siblings, only one of them must meet the age criterion; (b) combined household income may not exceed specified limits detailed below; and (c) the owner must have held title to the property for a minimum of 12 consecutive months, although exceptions may apply when a qualifying property is sold and a new one purchased. There are two instances in which a property will qualify for SCHE although the qualifying senior citizen does not hold title to the property: (1) the property is held in trust for the benefit of a person or persons who meet the income and age requirements; or (2) the person or persons hold a legal life estate in the property. Eligible tenant-shareholders of cooperative apartments can also claim SCHE benefits. For purposes of this program, the co-op tenant-shareholder is deemed to own that portion of the property represented by his or her proportionate share of the outstanding stock of the corporation. A co-op tenant-shareholder who resides in a dwelling subject to Article II, IV, V, or XI of the Private Housing Finance Law may be eligible for an exemption under the SCHE program if he or she is not eligible for a rent increase exemption pursuant to the Senior Citizen Rent Increase Exemption program. The reduction in taxes realized by the cooperative housing corporation must be credited against the amount of taxes payable by the eligible shareholder. The SCHE exemption applies only to the portion of the property used for residential purposes.

The income eligibility ceiling has been raised several times since the program's inception.

Beginning in FY 2005, a 50-percent exemption is available for homeowners with incomes no greater than $24,000. For homeowners with incomes between $24,001 and $26,999, the tax exemption is reduced by five percentage points for each $1,000 increment in income above $24,000. For those with incomes between $27,000 and $32,399, the exemption percentage declines by five percentage points for each $900 increment in income above $26,999.

Beginning in FY 2007, the income ceiling to qualify for the 50-percent exemption is as follows: as of July 1, 2006, $26,000; as of July 1, 2007, $27,000; as of July 1, 2008, $28,000; and as of July 1, 2009, $29,000. For purposes of the declining exemption schedule, the income ranges will be adjusted accordingly.

The Senior Citizen Homeowner Exemption does not include a sunset provision.

## Distributional Information

In FY 2011, there were 49,539 exemptions (representing 84,359 housing units) with an exempt value of $589.8 million. The following table gives a distribution of these households by income range.

| Percentage Exemption | Income Range | Number of Exemptions | Percent of Total Exemptions | Exempt Assessed Value ($ millions) |
|---|---|---|---|---|
| 50% | $0-$29,000 | 38,877 | 78.5% | 483.8 |
| 45% | $29,000-$29,999 | 567 | 1.1% | 6.3 |
| 40% | $30,000-$30,999 | 642 | 1.3% | 6.0 |
| 35% | $31,000-$31,999 | 509 | 1.0% | 4.5 |
| 30% | $32,000-$32,899 | 384 | 0.8% | 2.9 |
| 25% | $32,900-$33,799 | 259 | 0.5% | 1.6 |
| 20% | $33,800-$34,699 | 231 | 0.5% | 1.2 |
| 15% | $34,700-$35,599 | 239 | 0.5% | 1.1 |
| 10% | $35,600-$36,499 | 127 | 0.3% | 0.4 |
| 5% | $36,500-$37,399 | 70 | 0.1% | 0.7 |
| | Income Unspecified[1] | 7,634 | 15.4% | 81.1 |
| | TOTAL | 49,539 | 100.0% | 589.8 |

[1] Senior Citizen Homeowner Exemptions are aggregated for each cooperative building. As a result, incomes cannot be specified for individual apartment owners.

The table below shows the distribution of benefits by property type.

| Property Type | Percent of Total Units | Percent of Total Exempt Assessed Value |
|---|---|---|
| 1-3 Family | 77.36% | 73.94% |
| Condos | 1.52% | 3.71% |
| Co-ops | 16.53% | 13.75% |
| Rentals | 4.01% | 3.49% |
| Mixed Use | 0.58% | 5.11% |
| | 100.00% | 100.00% |

## Tax Expenditure

$95.6 million

## Senior Citizen Rent Increase Exemption (SCRIE) / Disabled Person Rent Increase Exemption (DRIE)

### Citation

NYS Real Property Tax Law, Sections 467-b, 467-c
NYC Administrative Code, Sections 26-405, 26-406, 26-509, 26-601 to 26-616

### Policy Objective

To eliminate rent increases for elderly and disabled tenants with limited incomes who meet certain income guidelines.

### Description

The Senior Citizen Rent Increase Exemption program (SCRIE) exempts an eligible renter from increases in rent above one-third of total household income. In return, the landlord receives a real property tax abatement equal to the amount of rent forgiven. If the total rent increase exemption applicable to a property exceeds the taxes due, a real property tax refund is granted.

Tenants may be eligible for the SCRIE program if they are at least 62 years old and have a total household income that does not exceed $24,000. (On July 1, 2005, the income ceiling increased to $25,000; it then increases in $1,000 increments each succeeding July 1, until it reaches $29,000 on July 1, 2009.) The definition of "income" excludes payments made to individuals because of their status as victims of Nazi persecution as defined in P.L. 103-286. Once tenants qualify for the program, increases in their Social Security income are excluded from the determination of total household income. Furthermore, the tenant must reside in a rent-controlled, rent-stabilized or rent-regulated (such as Mitchell-Lama housing) unit.

Legislation enacted in 2005 extended the SCRIE program to tenants, regardless of age, who qualify as "persons with disabilities." To qualify as a disabled person, an individual must be receiving social security disability insurance or supplemental security income benefits under federal law (or currently receiving medical assistance benefits based on prior eligibility for SSDI or SSI), or receiving a veterans disability pension or disability compensation benefits. To be eligible for the DRIE benefit, the combined income of all members of the disabled person's household cannot exceed the maximum income above which he or she would not be eligible to receive cash supplemental security income under federal law.

### Tax Expenditure

SCRIE: $124.6 million (preliminary estimate)
DRIE: $9.3 million (preliminary estimate)

## Veterans Exemption

### Citation

NYS Real Property Tax Law, Sections 458 and 458-a
NYC Administrative Code, Sections 11-245.45, 11-245.5, 11-245.6 and 11-245.7

### Policy Objective

To provide property tax relief to qualified veterans in recognition of their service to the country and community.

### Description

Partial tax exemptions are granted under two sections of the State Real Property Tax Law. The original program, under Section 458, granted tax exemptions to veterans who had purchased real property using a bonus, pension, or insurance, or compensation received as a prisoner of war. The exemption granted is equal to the amount of eligible funds, not to exceed $5,000; the property is, however, fully subject to tax for educational purposes. A total exemption of up to $10,000 is provided, for all purposes, for suitable handicapped-designed housing made necessary as the result of a war-related disability.

A veteran who sells a property that has been granted a section 458 veterans exemption and purchases a new property any time thereafter may be granted a section 458 exemption for the new property, provided such property qualifies for this exemption. The statute requires that the money received from the sale of the first property equal or exceed the amount of eligible funds used for its purchase and that such funds be subsequently used to purchase the second property.

New veterans exemptions are granted under Section 458-a, based upon service rendered. An exemption equal to 15 percent of the property's assessed value is granted to eligible veterans who served during a specified period of war; an additional 10 percent exemption is available to eligible veterans who served in a combat zone; and an additional exemption may be granted to eligible disabled veterans equal to the product of 50 percent of the veteran's disability rating. However, these exemptions are subject to dollar limitations, which were increased in 2005 pursuant to State and local law and became effective with the assessment roll for FY 2006-2007, as follows: (a) the period of war exemption may not exceed $54,000, or $54,000 multiplied by the latest class ratio, whichever is less; (b) the combat zone exemption may not exceed $36,000, or $36,000 multiplied by the latest class ratio, whichever is less; and (c) the disability exemption may not exceed $180,000, or $180,000 multiplied by the latest class ratio, whichever is less. The 458-a exemption does not apply to taxes levied for school purposes.

Section 458 or 458-a exemptions may be granted to properties held in trust for the benefit of a person or persons who would otherwise be eligible for these exemptions but for the fact that they do not hold legal title to the property. Veterans who own and occupy cooperative apartments, except those in Mitchell-Lama developments or other projects subject to Article II, IV, V or XI of the State Private Housing Finance Law, are also eligible for a veterans exemption. The property or cooperative apartment must be used exclusively for residential purposes and be the primary residence of the veteran or the surviving spouse who has not remarried. If the property is not used exclusively for residential purposes, the non-residential portions of the property are fully taxable.

### Distributional Information

In FY 2011, there were 65,884 exemptions in this program with a total exempt value of $354.9 million. These properties represented 102,570 housing units, which were primarily located outside Manhattan. Queens accounted for 45 percent of the total housing units. These benefits were distributed by property type as shown below. Additional distributional information appears in Appendix IV.

| Property Type | Percent of Total Units | Percent of Exempt Assessed Value |
|---|---|---|
| 1-3 Family | 81.26% | 58.72% |
| Condos | 1.29% | 4.06% |
| Co-ops | 14.36% | 35.50% |
| Rentals | 2.70% | 1.38% |
| Mixed-Use | 0.40% | 0.34% |
| | 100.00% | 100.00% |

### Tax Expenditure

$23.0 million

## Low-Income Disabled Homeowners

### Citation

NYS Real Property Tax Law, Section 459-c
NYC Administrative Code, Section 11-245.4

### Policy Objective

To provide real property tax relief to disabled homeowners with limited incomes.

### Description

This program provides a partial real property tax exemption for disabled homeowners whose household incomes do not exceed specified levels. A 50-percent exemption is available where income does not exceed a base amount. A declining exemption, ranging from 45 percent to 5 percent, is available where income exceeds that amount. The income ceilings have been raised periodically. Beginning in FY 2007, the income ceiling for the 50-percent exemption is as follows: as of July 1, 2006, $26,000; as of July 1, 2007, $27,000; as of July 1, 2008, $28,000; and as of July 1, 2009, $29,000. For purposes of the declining exemption schedule, the income ceiling to qualify for the minimum 5 percent exemption is $34,399 as of July 1, 2006 and $37,399 as of July 1, 2009. For purposes of the exemption, a person is considered disabled if he or she has a physical or mental impairment which substantially limits such person's ability to engage in one or more major life activities. Major life activities include: caring for one's self, performing manual tasks, walking, seeing, hearing, speaking, breathing, learning and working. The person must: (a) be certified to receive social security disability insurance or supplemental security income benefits; (b) be certified to receive Railroad Retirement Disability benefits; (c) have received a certificate from the State Commission for the Blind and Visually Handicapped stating that such person is legally blind; or (d) be certified to receive a United States Postal Service or Department of Veterans Affairs disability pension. The property must be used exclusively for residential purposes or only that portion used for residential purposes shall be entitled to exemption. The property must also be the legal residence of and occupied by the eligible disabled person. An exception is permitted where the disabled person is absent while receiving health-related care as an inpatient of a residential health care facility. The exemption is also applicable to eligible owners of cooperative apartments. No parcel that receives an exemption under section 459-c may receive an exemption pursuant to section 467 (Senior Citizen Homeowner Exemption), although in certain cases an eligible homeowner is given the option of choosing whichever exemption is more beneficial.

### Tax Expenditure

$7.8 million

## Physically Disabled Crime Victims

### Citation

NYS Real Property Tax Law, Section 459-b

### Policy Objective

To provide real property tax relief to crime victims or good Samaritans who suffer a disability as a result of a crime.

### Description

State law authorizes the City to provide a tax exemption for the assessed value of improvements made to one-, two- or three-family homes that facilitate and accommodate the use and accessibility needs of physically disabled crime victims or good Samaritans. A qualifying crime victim is a person who personally suffers a physical injury as the direct result of a crime. A good Samaritan is a person who is not a law enforcement officer, but who: (a) apprehends a person who committed a crime or a felony in his or her presence; (b) acts to prevent or attempts to prevent a crime; or (c) assists a law enforcement officer in making an arrest. The qualifying crime victim or good Samaritan must be an occupant of the property for which an exemption is sought and may be the property owner, a member of the homeowner's household, or a resident. The physical disability must be permanent and must substantially limit one or more of the individual's major life activities.

The amount of the exemption is based upon the assessed value of the improvements made to accommodate the physically disabled person. The exemption continues as long as the improvements remain necessary to facilitate and accommodate the use and accessibility of the disabled person.

### Tax Expenditure

Less than $100,000

## Class Two Cooperatives and Condominiums, Partial Tax Abatement

### Citation

NYS Real Property Tax Law, Section 467-a

### Policy Objective

Provides partial property tax relief to owners or tenant-shareholders of class two condominiums or cooperatives to reduce the disparity in property taxation between residential real property in class one and class two residential property held in condominium or cooperative form of ownership.

### Description

A three-year program was enacted in 1996 to provide partial tax relief for dwelling units owned by condominium owners or cooperative tenant-shareholders who, as of the applicable taxable status date, own no more than three dwelling units in any one property held in condominium or cooperative form of ownership. Units held by sponsors or their successors in interest are not eligible for the abatement. Additionally, properties that already receive a tax exemption or abatement based upon a State or local law are not eligible for this abatement except in certain specified circumstances.

The abatement granted to eligible dwelling units in property whose average unit assessed value is less than or equal to $15,000 is four percent for FY 1997, 16 percent for FY 1998, and 25 percent for FY 1999 and after. For eligible units in property whose average unit assessed value is greater than $15,000, the abatement percentages are 2.75 percent, 10.75 percent, and 17.5 percent in FY 1997, 1998, and 1999 and after, respectively.

The State Legislature has extended the co-op/condo abatement program periodically, most recently through the City fiscal year ending June 30, 2012.

### Distributional Information

A total of 61,682 condominium units and 299,978 cooperative apartments in 6,289 developments benefited from this program in FY 2011.

### Tax Expenditure

$413.9 million

## Industrial and Commercial Incentive Program (ICIP) / Industrial and Commercial Abatement Program (ICAP)

### Citation

NYS Real Property Tax Law, Sections 489-aaaa — 489-llll; 489-aaaaaa — 489-kkkkkk
NYC Administrative Code, Sections 11-256 — 11-267; 11-268 — 11-276

### Policy Objective

To encourage economic development by means of tax exemptions and abatements for construction or rehabilitation of commercial, industrial, or mixed-use structures.

### Description

The Industrial and Commercial Incentive Program (ICIP) replaced the Industrial and Commercial Incentive Board (ICIB) in November 1984. ICIP differs from the original program in two important respects: 1) benefits are granted on an "as-of-right" basis rather than at the discretion of a board, and are structured to encourage development outside Manhattan's business districts; and 2) the new program includes clear guidelines regarding the qualifying conditions that determine eligibility for tax exemptions.

**Industrial Projects**

ICIP provides tax exemptions and, in some cases, abatements of pre-existing tax liability for industrial construction work. An industrial property is any building or structure in which, after completion of industrial construction work, at least 75 percent of the total net square footage is used or immediately available and held out for manufacturing activities. Unlike commercial projects, the eligibility requirements and benefits for industrial projects are uniform across the City.

The exemption period consists of 16 years in which the increase in assessed value due to the industrial construction work is fully exempt, followed by a nine-year phase-out period in which the exemption percentage is reduced by 10 percentage points each year. To qualify for the exemption, the minimum required expenditure (MRE) is equal to 10 percent of the initial assessed value.

Industrial projects can also qualify for a tax abatement if their MRE is equal to 25 percent of the initial assessed value. The abatement is equal to a percentage of the real property tax imposed on the property for the tax year immediately preceding the effective date of the project's Certificate of Eligibility and commences in the first tax year immediately following completion of the industrial construction work. In tax years one through four, the abatement percentage is equal to 50 percent; in tax years five and six, 40 percent; in tax years seven and eight, 30 percent; in tax years nine and ten, 20 percent; and in tax years 11 and 12, 10 percent.

**Commercial Projects**

With a few exceptions, ICIP benefits are targeted to encourage commercial development in Manhattan above 96th Street, the Bronx, Brooklyn, Queens and Staten Island. Through a combination of legislation and designation by the ICIP Boundary Commission, the City has been divided into development areas for the purpose of determining the availability of ICIP incentives.

*1. Excluded Area:* With the exception of benefits for renovation projects and construction of "smart" office buildings, there are currently no ICIP benefits available for commercial construction work in Manhattan below 96$^{th}$ Street. Prior to January 1, 1993, a portion of the Excluded Area had been designated as a Deferral Area. As the name implies, the tax liability on the increase in assessed value resulting from commercial construction work for eligible projects in the Deferral Area was postponed, not forgiven. Projects that received deferral benefits are required to repay the obligation in 10 equal installments commencing in the eleventh year following the effective date of the certificate of eligibility.

*2. Renovation Area:* Since February 1, 1995, the eligibility for ICIP benefits has been limited to renovation projects south of 59$^{th}$ Street in Manhattan. Renovation construction work encompasses rehabilitation, renovation, expansion or modernization of an existing building or structure. Benefits are structured to provide an exemption equal to 100 percent of the increase in assessed value resulting from the renovation construction work for the first eight years, followed by a four-year phase-out in which the exemption percentage declines by 20 percentage points in each year.

*3. New Construction of "Smart" Office Buildings:* As of December 31, 1996, tax incentives for new construction of "smart" office buildings have been restricted to Lower Manhattan (roughly, the area south of Murray Street). To qualify as a "smart" building, the property must meet certain physical and technological requirements as set forth in the statute. Such projects receive an exemption equal to 100 percent of the increase in assessed value resulting from such construction work for four years followed by a four-year phase-out, declining by 20 percentage points in each year.

The following designations and benefits apply to areas in Manhattan north of 96$^{th}$ Street as well as the Bronx, Brooklyn, Queens and Staten Island.

*1. Special Exemption Areas:* These areas are designated by the Boundary Commission based on criteria that indicate such areas need deeper tax incentives to encourage commercial construction work. Special exemption areas also include areas designated as empire zones in accordance with Article 18-b of the General Municipal Law. Projects in special exemption areas receive the same tax exemption as industrial projects, i.e. 16 years of full exemption followed by a nine-year phase-out period.

*2. Regular Exemption Areas:* Areas not designated as Special Exemption Areas are considered Regular Exemption Areas. Commercial projects receive a tax exemption equal to 100 percent of the increase in assessed value for the first eight years following the effective date of the certificate of eligibility. This is followed by a four-year phase-out period in which the exemption percentage declines by 20 percentage points each year. By year 13, the exemption is fully phased-out.

*3. Revitalization Areas:* The ICIP program was amended as part of the City's Commercial Expansion Program. Within Regular or Special Exemption areas, an area may be designated as a Revitalization Area, which may be any area of the City, except in Manhattan south of 96$^{th}$ Street, that is zoned C4, C5, C6, M1, M2 or M3. The importance of the Revitalization Area designation is that it eliminates the two- or four-year waiting period for eligibility where commercial projects had more than 15 percent of the total net square footage used for manufacturing; and it allows a pro rata tax abatement for the industrial portion of a mixed-use project (commercial and industrial) in which less than 75 percent but at least 25 percent of the total square footage of the building or structure is used for manufacturing or immediately available for manufacturing use. An abatement is available outside Revitalization Areas only if at least 75 percent of the structure is used for manufacturing or immediately available for manufacturing use.

In 2007, the State Legislature extended ICIP program sunset dates by one year, allowing applications for benefits to be filed until June 30, 2008 and building permits to be obtained by July 31, 2008.

In 2008, the ICIP program was replaced by a new Industrial and Commercial Abatement Program (ICAP). However, the ICIP program will generally continue to apply to construction work performed pursuant to a building permit issued before August 1, 2008 and to construction work performed pursuant to additional building permits issued on or after August 1, 2008 if at least one permit was issued before that date and the work was described in an application for a certificate of eligibility filed on or before June 30, 2008. Under the new ICAP program, tax abatements are available for qualifying commercial or industrial construction work for varying periods ranging up to 25 years, depending on geographical area, type of construction and other factors. Property used by a utility is not eligible for any abatement and property used partly for retail purposes is subject to certain limitations on benefits. In general, the determination of the abatement takes into account the real estate tax on the property before and after construction, referred to as the "initial tax" and the "post-completion tax." No abatement is allowed unless the post-completion tax exceeds the initial tax by more than 15 percent, and the abatement is for only the amount by which the post-completion tax exceeds 115 percent of the initial tax. In specified circumstances, the abatement may be increased during the benefit period (referred to as "inflation protection"). A sunset provision in the ICAP legislation requires benefit applications to be filed not later than March 1, 2011. (Detailed information about the ICAP program can be found at the Department of Finance website, www.nyc.gov/finance.)

## Tax Expenditure

$623.4 million from ICIP exemptions; no data available for ICAP.

## Major League Sports Facilities, Madison Square Garden

### Citation

NYS Real Property Tax Law, Section 429

### Policy Objective

To ensure the viability of a major league sports facility in New York City.

### Description

The City has provided a full real property tax exemption for Madison Square Garden. The exemption is contingent upon the continued use of the Garden by professional major league hockey and basketball teams for their home games.

### Tax Expenditure

$14.8 million

## The Chrysler Building

### Citation

Chapter 279, § 11, NY Laws of 1859, as amended

### Policy Objective

To provide revenue to support the educational mission of The Cooper Union for the Advancement of Science and Art.

### Description

The Chrysler Building, a landmarked commercial office building on East 42nd Street in Manhattan, is situated on land owned by The Cooper Union for the Advancement of Science and Art, a tuition-free educational institution in Manhattan's East Village. Under the terms of the exemption provision contained in Cooper Union's statutory charter (Chapter 279, §11, NY Laws of 1859), as interpreted by the New York courts (Cooper Union v. Sexton, 247 A.D. 371 (1936) and Cooper Union v. Wells, 180 N.Y. 537 (1905)), the Chrysler Building, although not itself used for educational purposes, is exempt from real property taxation. In accordance with the terms of the lease between Cooper Union and the operator of the building, amounts equivalent to the real estate taxes that would be due on the building but for the exemption are payable to Cooper Union to further its educational purposes.

### Tax Expenditure

$18.6 million

## "Green Roof" Abatement

### Citation

NYS Real Property Tax Law, Sections 499-aaa through 499-ggg

### Policy Objective

To help control and capture stormwater in order to reduce the burden on the City's sewer system.

### Description

A one-year real estate tax abatement is provided for the construction of a "green roof" on a Class One, Two or Four building in the City. Generally, a "green roof" is an addition to a roof, covering at least 50 percent of the rooftop space, which includes, among other things, a growth medium and a vegetation layer of drought-resistant and hardy plant species. The amount of the abatement is $4.50 per square foot of green roof, limited to the lesser of $100,000 or the building's tax liability for the year in which the abatement is claimed. The abatement program is scheduled to sunset at the end of the 2013-2014 fiscal year.

### Tax Expenditure

Less than $100,000

## Solar Electric Generating System Abatement

### Citation

NYS Real Property Tax Law, Sections 499-aaaa through 499-gggg

### Policy Objective

To help reduce greenhouse emissions and provide cleaner, more reliable energy.

### Description

A four-year tax abatement is provided for the construction of a solar electric generating system in a Class One, Two or Four building in the City. If the system is placed in service on or after August 5, 2008 and before January 1, 2011, the amount of the abatement is 8¾ percent of eligible solar electric generating system expenditures. For systems placed in service on or after January 1, 2011 and before January 1, 2013, the amount of the abatement is 5 percent of the eligible expenditures. The abatement is claimed in the City fiscal year following the approval of the abatement and in the following three fiscal years. The abatement in any year is, however, limited to the lesser of $62,500 or the taxes payable on the building in that year. Eligible system expenditures include reasonable expenditures for materials, labor costs and certain other costs directly related to the construction or installation of the system. Abatement applications must be filed no later than March 15, 2013.

### Tax Expenditure

$0.3 million

**Table 3**
**STATE PROGRAMS**
**REAL PROPERTY TAX EXPENDITURES**
**Fiscal Year 2011**

| | Number of Exemptions | Exempt Assessed Value ($ millions) | Gross Tax Expenditure ($ millions) | PILOTs[1] ($ millions) | Net Tax Expenditures ($ millions) |
|---|---|---|---|---|---|
| Limited Profit Housing Cos. | 294 | 1,734.0 | 226.7 | 55.5 | 171.2 |
| Residential | 252 | 1,572.7 | 210.1 | 55.5 | 154.6 |
| Commercial | 42 | 161.4 | 16.6 | 0.0 | 16.6 |
| Limited Dividend Cos. | 23 | 48.6 | 6.5 | 2.2 | 4.3 |
| Redevelopment Cos. | 426 | 741.5 | 98.5 | 43.9 | 54.6 |
| Residential | 390 | 723.0 | 96.5 | 43.9 | 52.7 |
| Commercial | 36 | 18.5 | 1.9 | 0.0 | 1.9 |
| Housing Development Fund Cos. | 284 | 441.9 | 52.6 | 16.7 | 35.8 |
| Residential | 209 | 230.0 | 30.7 | 16.7 | 14.0 |
| Commercial | 75 | 211.9 | 21.9 | 0.0 | 21.9 |
| Urban Development Action Area Program | 11,150 | 180.4 | 29.8 | 0.3 | 29.5 |
| State Assisted Housing | 88 | 209.9 | 24.0 | 1.4 | 22.6 |
| Residential | 42 | 77.1 | 10.3 | 1.5 | 8.8 |
| Commercial | 46 | 132.8 | 13.7 | 0.0 | 13.7 |
| **TOTAL: STATE PROGRAMS** | **12,265** | **3,356.3** | **438.0** | **120.0** | **318.0** |
| Total Residential | 12,066 | 2,831.7 | 383.9 | 120.1 | 263.8 |
| Total Commercial/Industrial | 199 | 524.6 | 54.1 | 0.0 | 54.1 |

[1] PILOTS are Fiscal Year 2011 estimates.

Totals may not add due to rounding.

**Table 4**
**STATE PROGRAMS**
**REAL PROPERTY TAX EXPENDITURES BY BOROUGH**
**Fiscal Year 2011**

| | MANHATTAN | | THE BRONX | | BROOKLYN | | QUEENS | | STATEN ISLAND | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Number of Exemptions | Net Tax Expenditure ($ millions) | Number of Exemptions | Net Tax Expenditure ($ millions) | Number of Exemptions | Net Tax Expenditure ($ millions) | Number of Exemptions | Net Tax Expenditure ($ millions) | Number of Exemptions | Net Tax Expenditure ($ millions) |
| Limited Profit Housing Companies | 71 | 64.4 | 88 | 46.8 | 97 | 39.2 | 33 | 20.1 | 5 | 0.8 |
| Limited Dividend Companies | 2 | 2.3 | 12 | 1.3 | 9 | 0.8 | 0 | 0.0 | 0 | 0.0 |
| Redevelopment Companies | 105 | 26.7 | 160 | 6.7 | 140 | 13.2 | 13 | 7.6 | 8 | 0.5 |
| Housing Development Fund Companies | 73 | 14.3 | 81 | 8.8 | 106 | 9.1 | 18 | 3.0 | 6 | 0.7 |
| Urban Development Action Area Program | 926 | 4.4 | 2,522 | 6.2 | 5,967 | 13.9 | 1,707 | 5.0 | 28 | 0.0 |
| State Assisted Housing | 35 | 8.2 | 23 | 5.0 | 19 | 4.2 | 10 | 4.8 | 1 | 0.3 |
| **TOTAL: STATE PROGRAMS** | **1,212** | **120.2** | **2,886** | **74.8** | **6,338** | **80.3** | **1,781** | **40.4** | **48** | **2.3** |

Totals may not add due to rounding.

## Limited-Profit Housing Companies

### Citation

NYS Private Housing Finance Law, Article 2
NYS Real Property Tax Law, Section 414

### Policy Objective

To maintain and increase moderate- and middle-income housing stock in New York State.

### Description

The Limited-Profit Housing Companies Law was adopted in the 1950s to assist in the construction of moderate- and middle-income housing. These privately-managed rental and co-op projects, commonly known as Mitchell-Lama housing, were constructed with financing assistance from the City or the State. In return for 40- to 50-year mortgages at interest rates of four to eight percent, the respective government maintains supervisory rights to establish tenant-income restrictions, set rent levels, impose co-op resale restrictions, and establish waiting list procedures.

Real property taxes for Mitchell-Lama projects are based on the greater of 10 percent of shelter rent (gross rent less utilities) or a specified percentage of the assessed value of the property multiplied by the applicable tax rate. In addition, the City receives payments-in-lieu-of-taxes (PILOTs) from a small number of Mitchell-Lama projects.

The enabling legislation does not have a sunset provision.

### Distributional Information

In FY 2011, there were 252 residential and 42 commercial exemptions under this program. The residential properties contained 97,742 housing units with a total exempt assessed value of $1.6 billion. Over 60 percent of residential units receiving benefits were co-ops, located in all boroughs except Staten Island. Twenty-two percent of the exempt assessed value was attributable to Manhattan co-ops, and 24 percent of all units were co-ops located in the Bronx (the location of Co-op City). Rental units receiving benefits were primarily located in Brooklyn, Manhattan, and the Bronx. More distributional information is in Appendix IV.

| Property Type | Percent of Total Units | Percent of Exempt Assessed Value |
|---|---|---|
| Co-ops | 63.27% | 62.69% |
| Rentals | 36.73% | 37.31% |
| | 100.00% | 100.00% |

### Net Tax Expenditure (after PILOTs)

$171.2 million

## Limited-Dividend Housing Companies

### Citation

NYS Private Housing Finance Law, Article 4
NYS Real Property Tax Law, Section 414

### Policy Objective

To maintain and increase moderate- and middle-income housing stock in New York State.

### Description

The Limited-Dividend Housing Companies (LDHC) program was one of the earliest attempts to channel private investment into affordable housing for moderate- and middle-income households. Private developers, who financed garden apartment cooperative developments for which they were receiving a limited return on investment, received a 50-year real property tax exemption. However, they were required to comply with State regulations on eligibility of purchasers, co-op sale prices, and operating surpluses. Although the original exemptions for all LDHC projects have expired, the then-existing Board of Estimate approved a 14-year phase-in of full taxation, recognizing the hardship an abrupt change in tax liability would have on co-op owners.

The enabling legislation does not have a sunset provision.

### Distributional Information

Distributional information for this program is grouped with several other programs under the label "Other Residential" and can be found in Appendix IV.

### Net Tax Expenditure (after PILOTs)

$4.3 million

## Redevelopment Companies

### Citation

NYS Private Housing Finance Law, Article 5
NYS Real Property Tax Law, Section 423

### Policy Objective

To encourage low- to moderate-income housing through private financing.

### Description

This program was a precursor to the Limited Profit Housing Company Program (Mitchell-Lama). The participants are largely institutional investors, such as insurance companies and pension funds, which provide financing for the development of rental and co-op units. Participants are granted a 25-year tax exemption in exchange for accepting a limited rate of return on their investment and for complying with City regulations regarding tenant eligibility, rent levels and restrictions of co-op sales. The exemptions granted on many of these projects have expired, or are due to expire soon. However, the owners have the option of remaining in the program with an additional 25-year exemption, or a nine-year phase-in of full taxation.

In 2001, the State Legislature authorized the City Council to extend the tax exemption period for the Penn South Redevelopment Company for 10 years, provided the total tax exemption not exceed 60 years. The Legislature also imposed a floor on the amount of payment in lieu of taxes such development will be required to pay during the remainder of its current 25-year exemption extension and any additional extension period authorized by the City Council. The payment shall not be less than the greater of: a) 10 percent of the annual rent or carrying charge, less utilities, for the residential portion of the project; or b) the taxes payable for the residential portion of the project in the fourteenth year of its current 25-year extension period.

The enabling legislation does not have a sunset provision.

### Distributional Information

Distributional information for this program is grouped with several other programs under the label "Other Residential," and can be found in Appendix IV.

### Net Tax Expenditure (after PILOTs)

$54.6 million

## Housing Development Fund Companies (HDFC)

### Citation

NYS Private Housing Finance Law, Article 11
NYS Real Property Tax Law, Section 414

### Policy Objective

To provide low- and moderate-income housing, both publicly and privately financed, through a variety of programs.

### Description

Housing Development Fund Companies (HDFC) is an umbrella term for a wide range of projects developed by non-profit organizations. Special exemptions are adopted by the City Council under the authority of Article 11, depending upon the nature of the program in which the project is involved.

Projects that are entitled to full exemptions include housing constructed in the 1960s and early 1970s under the Federal Section 236 Program, housing renovated through the Capital Budget Homeless Housing Program, and some properties participating in the SRO Loan Program. In addition, new housing for the elderly and handicapped developed under Federal Section 202 also receives this tax benefit.

In 1995, this legislation was amended by adding a provision granting local legislative bodies the authority to exempt from real property taxes projects to which the municipality has made loans under Section 576 of the Private Housing Finance Law (for acquisition, rehabilitation or construction) for housing for low-income households. Thirty percent of a project's residents must be households previously residing in emergency shelter facilities.

This enabling legislation does not have a sunset provision.

### Distributional Information

In FY 2011, there were 209 residential and 75 commercial exemptions under this program. All properties other than mixed use properties contained 16,243 housing units with an exempt assessed value of $230.0 million. Rental units made up 84 percent of this program. These benefits were distributed by property type as shown below. Additional distributional information appears in Appendix IV.

| Property Type | Percent of Total Units | Percent of Exempt Assessed Value |
|---|---|---|
| 1-3 Family | 0.02% | 0.06% |
| Condos | 0.00% | 0.00% |
| Co-ops | 1.32% | 1.11% |
| Rentals | 83.93% | 50.88% |
| Mixed-Use | 14.72% | 47.95% |
| | 100.00% | 100.00% |

## **Net Tax Expenditure** (after PILOTs)

$35.8 million

## Urban Development Action Area Projects (UDAAP)

### Citation

NYS General Municipal Law, Section 696

### Policy Objective

To encourage the construction of residential housing in designated areas.

### Description

This exemption is granted to property developed on formerly City-owned land in designated Urban Development Action Area Projects (UDAAP). While UDAAP encompasses a wide range of housing development programs, the most notable examples are the Nehemiah and the Mutual Housing Association of New York (MHANY) Programs, which provide housing in the Brownsville and East New York sections of Brooklyn.

UDAAP sites receive real property tax exemptions only on the assessed value of improvements, 10 years at 100 percent of assessed value, followed by a 10-year declining exemption. In 1999, the State Legislature amended the statute to provide that for projects consisting of new construction the land value shall be the lesser of: (a) the assessed value immediately prior to commencement of construction; or (b) the assessed value of the land appearing on the assessment roll in the first year after completion of construction.

The enabling legislation does not have a sunset provision.

### Distributional Information

In FY 2011, there were 11,150 residential exemptions under this program representing 21,230 housing units with an exempt assessed value of $180.4 million. One-, two-, and three-family houses in Brooklyn and the Bronx received the largest proportion of UDAAP benefits. These benefits were distributed by property type as shown below. Additional distributional information appears in Appendix IV.

| Property Type | Percent of Total Units | Percent of Exempt Assessed Value |
|---|---|---|
| 1-3 Family | 89.95% | 79.66% |
| Condos | 2.46% | 10.76% |
| Co-ops | 0.15% | 0.13% |
| Rentals | 6.37% | 7.31% |
| Mixed-Use | 1.07% | 2.15% |
| | 100.00% | 100.00% |

**Net Tax Expenditure** (after PILOTs)

$29.5 million

## Miscellaneous State-Assisted Housing

### Citation

NYS Real Property Tax Law, Section 422

### Policy Objective

To encourage the creation of housing for a target population.

### Description

Section 422 provides tax exemptions for real property owned by not-for-profit corporations and used exclusively to provide housing and auxiliary facilities for a target population. This population includes, but is not exclusive to, faculty members, students, and employees (and their immediate families) attending or employed by a college or university; nurses, interns, resident physicians and other related personnel at hospitals and medical research institutions; and handicapped or elderly persons with low incomes. For Section 8 projects providing housing for the elderly, the City Council is authorized to grant a full exemption during construction, followed by a partial exemption.

The laws relating to these programs do not have sunset provisions.

### Distributional Information

Distributional information for this program is grouped with several other programs under the label "Other Residential" and can be found in Appendix IV.

### Net Tax Expenditure (after PILOTs)

$22.6 million

**Table 5**
**PUBLIC AGENCIES**
**REAL PROPERTY TAX EXPENDITURES**
**Fiscal Year 2011**

| | Number of Exemptions | Exempt Assessed Value ($ millions) | Gross Tax Expenditure ($ millions) | PILOTs[1] ($ millions) | Net Tax Expenditure ($ millions) |
|---|---|---|---|---|---|
| Industrial Development Agency | 626 | 3,248.8 | 335.1 | 86.0 | 249.1 |
| Economic Development Corp. | 211 | 254.3 | 26.2 | 16.0 | 10.2 |
| NYC Housing Authority | 1,330 | 2,700.3 | 357.9 | 20.0 | 337.9 |
| Residential | 1,190 | 2,605.2 | 348.1 | 20.0 | 328.1 |
| Commercial | 140 | 95.1 | 9.8 | 0.0 | 9.8 |
| Urban Development Corporation | 64 | 1,991.5 | 207.6 | 0.0 | 207.6 |
| Residential | 17 | 74.7 | 10.0 | 0.0 | 10.0 |
| Commercial | 47 | 1,916.9 | 197.7 | 0.0 | 197.7 |
| NYS Power Authority | 21 | 987.2 | 118.3 | 0.0 | 118.3 |
| Battery Park City Authority | 3,516 | 2,107.0 | 240.8 | 110.0 | 130.8 |
| Residential | 3,460 | 773.7 | 103.3 | 47.2 | 56.1 |
| Commercial | 56 | 1,333.3 | 137.5 | 62.8 | 74.7 |
| Teleport, Port Authority | 26 | 96.8 | 10.0 | 0.0 | 10.0 |
| Trust for Cultural Resources | 253 | 114.3 | 13.3 | 0.0 | 13.3 |
| **TOTAL: PUBLIC AGENCIES** | **6,047** | **11,500.2** | **1,309.3** | **232.0** | **1,077.3** |
| Total Residential | 4,667 | 3,453.6 | 461.4 | 67.2 | 394.2 |
| Total Commercial/Industrial | 1,380 | 8,046.6 | 847.8 | 164.8 | 683.0 |

[1] PILOTs are fiscal year 2011 estimates.
Totals may not add due to rounding.

**Table 6**
**PUBLIC AGENCIES**
**REAL PROPERTY TAX EXPENDITURES BY BOROUGH**
**Fiscal Year 2011**

| | MANHATTAN | | THE BRONX | | BROOKLYN | | QUEENS | | STATEN ISLAND | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Number of Exemptions | Gross Tax Expenditure ($ millions) | Number of Exemptions | Gross Tax Expenditure ($ millions) | Number of Exemptions | Gross Tax Expenditure ($ millions) | Number of Exemptions | Gross Tax Expenditure ($ millions) | Number of Exemptions | Gross Tax Expenditure ($ millions) |
| Industrial Development Agency | 229 | 132.5 | 76 | 96.3 | 176 | 24.0 | 138 | 78.8 | 7 | 3.5 |
| Economic Development Corp. | 9 | 3.8 | 3 | 3.2 | 20 | 11.2 | 19 | 1.5 | 160 | 6.5 |
| NYC Housing Authority | 281 | 143.6 | 251 | 71.7 | 483 | 98.1 | 300 | 38.8 | 15 | 5.8 |
| Urban Development Corporation | 46 | 196.1 | 7 | 1.8 | 6 | 6.8 | 4 | 0.2 | 1 | 2.7 |
| NYS Power Authority | 3 | 2.9 | 5 | 12.0 | 3 | 9.0 | 7 | 91.5 | 3 | 2.9 |
| Battery Park City Authority | 3,516 | 240.8 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Teleport, Port Authority | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 26 | 10.0 |
| Trust for Cultural Resources | 253 | 13.3 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| **TOTAL: PUBLIC AGENCIES** | **4,337** | **732.9** | **342** | **185.0** | **688** | **149.2** | **468** | **210.8** | **212** | **31.3** |

Totals may not add due to rounding.

## Industrial Development Agency (IDA)

### Citation

NYS General Municipal Law, Section 917
NYS Real Property Tax Law, Section 412-a

### Policy Objective

To encourage business expansion and increase employment in New York City.

### Description

The City's Industrial Development Agency (IDA) assists eligible manufacturing, industrial and commercial businesses interested in large-scale expansion or modernization through the purchase of land, buildings, machinery and equipment. The IDA helps businesses gain access to the capital markets through the sale of industrial revenue bonds, the interest from which is exempt from some or all taxes. The result is lower-cost project financing.

All real property acquired or constructed with the use of IDA financing is exempt from real property taxation. The exemption benefits are passed on to the project owners through leaseback arrangements. Lease payments are equivalent to debt service on bonds plus payments-in-lieu-of-taxes (PILOTs) on land and buildings.

The enabling legislation does not have a sunset provision.

### Net Tax Expenditure (after PILOTs)

$249.1 million

## Economic Development Corporation (EDC)

### Citation

NYS Real Property Tax Law, Section 412

### Policy Objective

To encourage real estate development that will protect and enhance the City's job and income base.

### Description

The Economic Development Corporation (EDC) is a non-profit local development corporation, acting as an independent entity under contract to the City to assist and promote real estate development. EDC assists developers in all the stages of a project, from planning and design to negotiations, financing, and construction. A major focus of EDC efforts is development outside Manhattan. EDC also leases City-owned property and then subleases it to private developers for construction of commercial and industrial projects. Ground lease agreements include a rental formula for payments-in-lieu-of-taxes (PILOTs) on both the land and project buildings.

The enabling legislation for EDC does not have a sunset provision.

### Net Tax Expenditure (after PILOTs)

$10.2 million

## New York City Housing Authority (NYCHA)

### Citation

NYS Public Housing Law, Section 52
NYS Real Property Tax Law, Section 414

### Policy Objective

To provide housing for low-income residents of New York City.

### Description

Except for New York State-assisted projects, NYCHA property is exempt from direct taxation. City-aided projects are exempt for a period of 50 years. Federally-aided projects may be exempt for up to 60 years. (Upon the expiration of the initial 50- or 60-year exemption period, an additional 50- or 60-year exemption period may be granted.) However, by law, the City may require payments-in-lieu-of-taxes (PILOTs) from NYCHA projects. The fixed annual PILOT for NYCHA's City-funded projects is $109,000. For the Federally aided projects, NYCHA pays a PILOT based on net routine operating expenses, which may vary annually. As assessed value for the State projects has been held constant for many years, there is a substantial implicit tax expenditure.

As of June 30, 2010, the New York City Housing Authority operated 334 developments with 178,547 apartments and 403,949 residents. An additional 100,353 apartments with 252,863 residents are in its Section 8 leasing program.

### Distributional Information

In FY 2011, there were 1190 residential exemptions representing 189,992 housing units with an exempt assessed value of $2.6 billion. There were 140 commercial exemptions with an exempt assessed value of $95.1 million. NYCHA benefits were distributed throughout the five boroughs. Manhattan, Brooklyn, and The Bronx had the greatest proportion of NYCHA exempt value. Rental properties comprised 99 percent of NYCHA residential exemptions.

NYCHA provided data for 175,934 households living in public housing as of June 30, 2010. Based on this data, the distribution of households is as follows:

## Real Property Tax

| Household Income Range | Number of Households | Percent of Total Households |
|---|---|---|
| Annual Income Under Review | 3,715 | 2.1% |
| $0 - 9,999 | 54,393 | 30.9% |
| $10,000 - 12,499 | 13,348 | 7.6% |
| $12,500 - 14,999 | 14,354 | 8.2% |
| $15,000 - 19,999 | 21,338 | 12.1% |
| $20,000 - 24,999 | 14,246 | 8.1% |
| $25,000 - 29,999 | 10,671 | 6.1% |
| $30,000 - 34,999 | 9,227 | 5.3% |
| $35,000 - 39,999 | 7,810 | 4.4% |
| $40,000 - 44,999 | 6,361 | 3.6% |
| $45,000 - 49,999 | 4,808 | 2.7% |
| $50,000 and over | 15,663 | 8.9% |
| Total | 175,934 | 100.00% |

Source: New York City Housing Authority, Department of Research and Management Analysis.

## **Net Tax Expenditure** (after PILOTs)

$337.9 million

## Urban Development Corporation (UDC)

### Citation

NYS Unconsolidated Laws, Title 16, Chapter 24
NYS Real Property Tax Law, Section 412

### Policy Objective

To create and retain jobs in New York State, with particular emphasis on targeting economically distressed areas.

### Description

Created in 1968, the Urban Development Corporation (UDC) is a New York State agency that finances, constructs and operates residential, commercial, industrial and civic facilities. An important tool in the State's economic development program, the UDC provides financing and technical assistance to businesses and local governments. Examples of UDC-assisted projects include the Columbia University Telecommunications Center, the Jacob K. Javits Convention Center, and the Roosevelt Island housing development.

The UDC exemption does not have a sunset provision.

### Distributional Information

In FY 2011, there were 17 residential and 47 commercial exemptions under this program. The residential properties contained roughly 987 housing units with an exempt assessed value of $74.7 million. The exempt assessed value for the commercial properties was $1.9 billion. The residential component of the UDC exemption consisted of rentals in Manhattan.

### Net Tax Expenditure (after PILOTs)

$207.6 million

## New York Power Authority

### Citation

NYS Public Authorities Law, Article 5, Title 1
NYS Real Property Tax Law, Section 412

### Policy Objective

To provide low-cost electric energy through seven investor-owned utilities and 51 municipal and cooperative systems.

### Description

The New York Power Authority finances, constructs, and operates electric generating and transmission facilities. Construction is financed through the sale of tax exempt bonds. Revenues from the sale of power to public agencies, industries, investor-owned utilities and municipalities throughout the State cover the costs of debt service and project operations. In the New York metropolitan area, the Authority directly provides low cost power to government agencies promoting economic development.

The Power Authority's enabling legislation does not have a sunset provision.

### Net Tax Expenditure (after PILOTs)

$118.3 million

## Battery Park City Authority (BPCA)

### Citation

NYS Public Authorities Law, Section 1981
NYS Real Property Tax Law, Section 412

### Policy Objective

To manage the development of a mixed commercial/residential community whose amenities serve the larger New York community.

### Description

The Battery Park City Authority (BPCA) was created in 1968 by the Battery Park City Act. In cooperation with the City and the private sector, the Authority has developed a mixed-use community, combining residential and commercial properties with public facilities (schools, parks, etc.) and utilities. Under a 1981 agreement with a developer, four office towers containing six million square feet of space were completed in 1987.

PILOT payments remitted annually by the Authority, as stipulated in the 1986 Amendment to the Settlement Agreement between BPCA and the City of New York, are currently used as additional support for City housing programs. The Housing New York Agreement provides for BPCA revenues to back bond issues as well; in this regard, $400 million in net proceeds from bonds issued by the Housing New York Corporation will allow for the increase of low- and moderate-income housing production throughout the City.

The enabling legislation does not have a sunset provision.

### Distributional Information

In FY 2011, there were 3,460 residential exemptions with an exempt value of $773.7 million, providing tax relief for 3,444 condominiums and 4,211 rental apartments. There were 56 commercial exemptions with an exempt value of $1.3 billion.

### Net Tax Expenditure (after PILOTs)

$130.8 million

## Teleport Center, Port Authority of NY and NJ

### Citation

NYS Unconsolidated Laws, Title 17, Chapter 26
NYS Real Property Tax Law, Section 412

### Policy Objective

To provide state-of-the-art communications technology with the goal of encouraging the economic development of the New York-New Jersey region.

### Description

The Teleport Center, located on land owned by the Port Authority of New York and New Jersey, is a joint venture among the Authority, Merrill Lynch and Western Union, developing and utilizing the latest technology in worldwide telecommunications. The Center provides fiber-optic links with the participating companies' Manhattan offices.

The Port Authority's enabling legislation does not contain any sunset provisions.

### Net Tax Expenditure (after PILOTs)

$10.0 million

## Trust for Cultural Resources of the City of New York, Museum of Modern Art

### Citation

NYS Arts and Cultural Affairs Law, Sections 20.33 and 21.11

### Policy Objective

To support the expansion and operating costs of cultural institutions deemed to be essential for the general and economic welfare of the State and City.

### Description

In 1976, the legislature enacted legislation that provides for the creation of cultural trusts (public benefit corporations). The legislation further provides that: (1) the trust shall submit annual financial reports to the governor and mayor; and (2) the State comptroller and the City's chief fiscal officer are authorized to examine the books and records of the trust at least once every three years or, in lieu thereof, accept from the trust an external examination made by a certified public accountant acceptable to such officer.

To date, only one trust for cultural resources has been created — for the Museum of Modern Art in New York City. As a result, a 52-story tower was developed adjacent to the museum, containing six floors dedicated to the Museum and 260 residential condominiums.

The residential portion of the building is exempt from City real property taxes. However, the condominiums make payments to the trust, equivalent to real property taxes. These payments are used primarily to defray administrative costs of the trust, fund the debt service on the mixed-use facility and provide the cultural institution with funds for operating expenses.

### Tax Expenditure

$13.3 million

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# PART III

## BUSINESS INCOME AND EXCISE TAX EXPENDITURES

### Overview

The tax expenditures in this section derive from provisions of New York City tax law concerning the following business income and excise taxes: General Corporation Tax; Unincorporated Business Tax; Banking Corporation Tax; Utility Tax; Mortgage Recording Tax; Real Property Transfer Tax; and Commercial Rent Tax. Appendix II has descriptions of each tax, including the tax rate and base.

Certain tax benefits are explicitly designed to foster economic development. Other tax expenditures, while created for economic development purposes, are also intended to reflect the unique economic activity in which certain industries are engaged. For example, there are special rules for allocating net income for the broadcasting, publishing and mutual fund industries. Still other tax expenditures are created for social objectives, such as to assist the dramatic arts or to promote certain types of scientific research.

Table 7 (next page) provides a summary of business income and excise tax expenditures for Tax Year 2007. Estimates are based on Department of Finance data, unless otherwise noted. The estimates are stated on a tax year rather than New York City fiscal year basis. Tax expenditures are not quantifiable for some programs.

Following the summary table is a description of each program, including the legal citations and information, where applicable, regarding the years to which tax benefits can be carried forward. When available, information is provided on the number of businesses that benefit from a tax expenditure program.

## Table 7

## BUSINESS INCOME AND EXCISE TAX EXPENDITURES
## Tax Year 2007

| PROGRAM | AMOUNT ($ millions) |
|---|---|
| **Quantifiable** | |
| Business and Investment Capital Tax Limitation | 497 |
| Insurance Corporation Non-Taxation | 303 |
| Foreign Bank Alternative Tax on Capital Stock | 69 |
| Special Allocation Rule: Regulated Investment Company Management Fees | 43 |
| Commercial Revitalization Program (Lower Manhattan) | 33 |
| Film Production Credit | 32 |
| Energy Cost Savings Program Credit | 29 |
| Cooperative Housing Corporation Four-Tenths Mill Tax Rate on Capital | 29 |
| Special Allocation Rule: Double-Weighting of Manufacturers' Receipts Factor | 27 |
| Relocation and Employment Assistance Program | 23 |
| International Banking Facility Deduction | 10 |
| Real Estate Investment Trusts | 8 |
| School Bus Operation Deduction | 2 |
| Dramatic or Musical Arts Performance Exemption | * |
| Employment Opportunity Relocation Costs Credit & Industrial Business Zone Credit | * |
| Manufacturing and Research and Development Property Depreciation | * |
| Real Property Tax Escalation Credit | * |
| TOTAL QUANTIFIABLE TAX EXPENDITURES | 1,105 |

**Not Quantifiable**

Air Pollution Control Facilities Deduction
Credit Line Mortgages
Owner, Lessee or Fiduciary that Holds, Leases or Manages Real Property
Purchase and Sale of Property or Financial Instruments for Taxpayer's Own Account
Small Corporation Exemption From Alternative Taxes
Special Allocation Rules:
- Credit Card Interest
- 80/20 Allocation Rule for Security/Commodity Brokers
- Newspaper and Periodical Publishers' Advertising Sales Receipts
- Radio/TV Commercial Receipts

**Not Applicable in TY 2007**

Biotechnology Credit

* indicates less than $1 million.

## Business and Investment Capital Tax Limitation

### Citation

NYC Administrative Code, Section 11-604(1)(F)

### Policy Objective

To limit the City tax liability of corporations that have low taxable income but large net worth.

### Description

A corporation subject to taxation in New York City determines its tax liability by making three alternative calculations (net income, net income plus compensation paid to certain shareholders and business and investment capital), comparing the results to a fixed minimum amount and paying the largest of the four amounts. Before 2009, a corporation's tax on New York City allocated business and investment capital was limited to a maximum of $350,000. Legislation enacted in 2009 raised the cap to $1 million for tax years beginning after 2008.

### Tax Affected

General Corporation Tax

### Tax Expenditure

$497 million

### Number of Beneficiaries

58 corporations

## Insurance Corporation Non-Taxation

### Citation

Chapter 649, Section 11, NYS Laws of 1974

### Policy Objective

To promote the New York City insurance industry.

### Description

Corporations with income allocable to New York City are normally subject to City taxation. Out-of-state insurance companies insuring City property against fire loss or damage are subject to City taxation. However, other insurance companies operating in the City are not subject to taxation on income from their insurance services, or on income from their non-insurance activities, such as real estate or financial services activities.

Prior to 1974, New York City taxed all insurance companies on premiums received on risks located or resident in the City. This tax was discontinued in 1974.

### Tax Affected

General Corporation Tax

### Tax Expenditure

$303 million

## Foreign Bank Alternative Tax on Capital Stock

### Citation

NYC Administrative Code, Section 11-643.5(b)

### Policy Objective

To promote foreign banking in New York City.

### Description

A banking corporation generally determines its tax liability by making three alternative calculations (net income, alternative net income and taxable assets allocated to the City), comparing the results to a fixed minimum amount and paying the largest of the four. However, banking corporations organized under the laws of a country other than the United States calculate an alternative tax liability based on issued capital stock rather than taxable assets. (Under 2009 legislation, beginning in tax year 2011, the issued capital stock tax is eliminated and alien banks are subject to the alternative tax based on taxable assets.)

### Tax Affected

Banking Corporation Tax

### Tax Expenditure

$69 million

### Number of Beneficiaries

53 firms

## Special Allocation Rule: Regulated Investment Company (RIC) Management Fees

### Citation

NYC Administrative Code, Sections 11-508(e-2), 11-604.3(a)(5) and 11-642(a)(G)(2)

### Policy Objective

To promote the activities of managers of RICs (commonly known as mutual funds) in New York City.

### Description

In determining their business allocation percentage, taxpayers normally determine the source of receipts from services based upon where the services were performed. However, a mutual fund management company's receipts from management, administration or distribution services rendered to the mutual fund are allocated based on the percentage of the RIC's shareholders domiciled in New York City.

The allocation of receipts is based upon the RIC's average "monthly percentage," which is calculated by dividing:

(a) the number of shares in the RIC that are owned on the last day of the month by shareholders domiciled in the City by;

(b) the total number of shares in the RIC outstanding on that date.

Once calculated, the RIC's average monthly percentage for the taxable year is multiplied by the management company's receipts from management, administration or distribution services.

### Taxes Affected

Banking Corporation Tax
General Corporation Tax
Unincorporated Business Tax

### Tax Expenditure

$43 million

## Commercial Revitalization Program: Lower Manhattan/Garment Center District

### Citation

Commercial Rent Tax:
NYC Administrative Code, Section 11-704(i)

Energy Cost Savings:
NYS General City Law, Section 25-aa to 25-cc
NYS Tax Law, Section 1201-c
NYC Administrative Code, Section 11-1105.1

### Policy Objective

To stimulate economic activity in Lower Manhattan and the midtown Garment Center District and promote the more productive use of City real estate.

### Description

The Commercial Revitalization Program was established in 1995 to increase tenant occupancy in office and retail space in certain areas of the City and to reduce building obsolescence by encouraging investment in older commercial space or conversion to residential use. In addition to real property tax benefits, the program provides Commercial Rent Tax (CRT) relief and energy subsidies through the Energy Cost Savings Program.

**Commercial Rent Tax Abatement**

Tenants eligible for the real property tax abatement program described above are also eligible to receive a special reduction in calculating their liability for the CRT. A tenant leasing space in a pre-1975 building owned by a government entity may also qualify for the CRT benefit if it meets certain eligibility requirements.

The benefit is a reduction in the amount of rent otherwise subject to the CRT and can be claimed starting on the rent commencement date of the lease. The reduction is available for a period of up to 60 months.

In general, in order to determine the reduction, the 60-month period is divided into five 12-month periods. For the first 12-month period (the “base year” period) the reduction is equal to the actual rent paid. For the second and third 12-month periods, the reduction is equal to the lesser of the rent paid during each period or the base-year rent paid. For the fourth and fifth 12-month periods, the reduction is equal to two-thirds and one-third, respectively, of the lesser of the rent paid during each period or the base-year rent paid.

A modified CRT benefit is available to eligible tenants who enter into minimum three-year leases, rather than five-year terms.

The following enhancements, enacted in 2005, supplement the original program:

- An enhanced special reduction benefit is available for leases in Lower Manhattan (except subleases) with a term of at least five years that commence between July 1, 2005 and June 30, 2013. As to such leases, the two-thirds and one-third limits described above will not apply, and leased space can qualify for the reduction regardless of when the building was constructed or received its certificate of occupancy.

- A CRT special reduction is allowed for premises located in Manhattan's Special Garment Center District (as defined in the City's zoning resolution) that are used for industrial and manufacturing activities. The special reduction applies to eligible leases commencing on or after July 1, 2005, and is available for up to 120 months, but in no case after June 30, 2020.

- Lower Manhattan retail premises, defined as premises used primarily for the selling of tangible goods to ultimate consumers, are exempted from the CRT beginning December 1, 2005. Also exempted from the tax are tenants in a defined area of Lower Manhattan referred to as the World Trade Center Area.

**Energy Cost Savings**

Eligible occupants of commercial space in renovated or newly constructed buildings located in a defined area of Lower Manhattan may receive a reduction in their electricity costs. Eligibility for the benefit depends on several factors, including investment in the building, occupancy of premises in the building by eligible users (generally commercial tenants), and compliance with certain sub-metering and notice requirements.

In general, the reduction in energy charges is provided as a rebate in the form of a reduced energy bill from the utility to the building's landlord, who, in turn, is required to pass along the benefit to eligible tenants. The utility recoups the special rebate by claiming a credit for the amount against its gross receipts tax otherwise payable to the City. Application for benefits must be made after June 30, 1995 and before July 1, 2013, and, in any case, before a building permit for the required construction or renovation is issued.

## Taxes Affected

Commercial Rent Tax
Utility Tax

## Tax Expenditure

CRT special reduction benefit for leases: $5 million (July 1, 2007 – June 30, 2008)
CRT Garment Center District reduction: Less than $1 million
CRT Lower Manhattan retail premises: Not available
UTX: $28 million

## Film Production Credit

### Citation

NYS Tax Law, Section 1201-a (b) (and Chapter 62 (Part Y), NYS Laws of 2004)
NYC Administrative Code, Sections 11-503(m) and 11-604.20 (and NYC Local Law 24 of 2006)

### Policy Objective

To encourage the production of films and television programs in the City.

### Description

Beginning in tax year 2005, a credit is allowed against the general corporation tax and the unincorporated business tax based on specified costs incurred after August 19, 2004 in producing qualifying films and television programs in the City that are completed after December 31, 2004. The credit is equal to 5 percent of the eligible production costs, but a cap of $12.5 million, rising to $30 million beginning in 2006, is placed on the total amount of credits that can be claimed by all taxpayers during a calendar year. Claimed credits that exceed the annual cap are treated as if they had been applied for on the first day of the following year.

The film production credit program is scheduled to expire on December 31, 2011.

### Taxes Affected

General Corporation Tax
Unincorporated Business Tax

### Tax Expenditure

$32 million

### Number of Beneficiaries

56 firms

## Energy Cost Savings Program (ECSP) Credit

### Citation

NYS General City Law, Sections 25-s to 25-u
NYC Administrative Code, Section 11-1105.1 and Chapter 6 of Title 22

### Policy Objective

To promote business development in designated parts of Manhattan and in the other boroughs of New York City.

### Description

The ECSP program applies to industrial and commercial companies that relocate to Manhattan north of 96th Street or the other boroughs or that occupy new or improved space in these areas. Manufacturing firms that own or lease space in a building located in Manhattan south of 96th Street may also qualify for ECSP benefits. In addition, certain other eligible businesses in lower Manhattan may be eligible for ECSP benefits (see Commercial Revitalization Program).

An eligible user that purchases electricity or gas from a utility supervised by the Public Service Commission is entitled to receive from the utility a special rebate, which will reduce its monthly utility bills. Utilities deduct the rebates they grant from their City utility gross receipts tax payments.

The ECSP reduction in energy costs is calculated as a percentage of the cost of delivery. Eligible firms receive a 45 percent discount off of the delivery portion of the electric bill and 35 percent off of gas delivery costs. Tying the reduction to delivery costs enables businesses to purchase the electric or natural gas commodity in the deregulated market and realize additional savings. ECSP benefits must be received directly from a PSC-supervised utility, which will receive a credit for rebate amounts against its utility gross receipts tax payments.

The current deadline for new applicants to qualify for benefits is July 1, 2013.

### Tax Affected

Utility Tax

### Tax Expenditure

$29 million

## Cooperative Housing Corporation Four-Tenths Mill Tax Rate on Capital

### Citation

NYC Administrative Code, Section 11-604.1.E

### Policy Objective

To promote cooperative housing corporations in New York City.

### Description

Capital allocated to New York City is normally taxed at the rate of 0.15 percent. However, cooperative housing corporations are taxed at a rate of 0.04 percent on capital allocated to the City.

### Tax Affected

General Corporation Tax

### Tax Expenditure

$29 million

### Number of Beneficiaries

3,977 corporations

## Special Allocation Rule: Double-Weighting of Manufacturers' Receipts Factor

### Citation

NYC Administrative Code, Sections 11-508(g) and 11-604.3(a)(8)

### Policy Objective

To encourage manufacturing firms to locate in New York City.

### Description

In determining their business allocation percentage, taxpayers normally determine the ratio of their in-City operations or activities to their total operations or activities for each of the three apportionment factors, property, payroll and receipts (GCT) or gross income (UBT), add the three ratios and divide by three. Manufacturing firms may elect to include the ratio of in-City to total receipts or gross income twice in the formula and divide by four. For manufacturing firms that ship their products to out-of-City customers, this can lower the companies' City business allocation percentage and thus their City business income tax liability.

Under legislation enacted in 2009, a transition from a three-factor formula to a single-factor formula utilizing only receipts or gross income is phased in over a 10-year period beginning in tax year 2009. The phase-in applies to all taxpayers subject to the GCT or UBT. For tax years beginning in 2009 and 2010, electing manufacturing firms can continue to double-weight the receipts or gross income factor. (The 10-year phase-in to a single receipts factor formula also applies to a corporation subject to the banking corporation tax that is substantially engaged in providing management, administrative or distribution services to a regulated investment company, i.e., a mutual fund.)

### Taxes Affected

General Corporation Tax
Unincorporated Business Tax

### Tax Expenditure

$27 million

### Number of Beneficiaries

1,264 firms

## Relocation and Employment Assistance Program (REAP)

### Citation

NYC Administrative Code, Sections 11-503(i), 11-604.17, 11-643.7, 11-1105.2 and Chapters 6-b and 6-c of Title 22

### Policy Objective

To promote business development in Manhattan north of 96th Street, in Lower Manhattan and in the other boroughs of New York City.

### Description

A credit is available for certain taxpayers that relocate all or part of their business operations to eligible premises located in Upper Manhattan (the area above 96th Street), Lower Manhattan (approximately the area below Houston Street), or the other boroughs, from outside New York City. Under the original program, a business income tax credit of $500 per eligible employment share, generally the equivalent of one full-time employee, was available for the year of relocation and for a maximum of eleven succeeding tax years. Legislation enacted in 1995 increased the business income tax credit to $1,000 per eligible employment share for recipients that received their certificate of eligibility on or after July 1, 1995. Under legislation enacted in 2000, firms that relocate to "revitalization areas" in Upper Manhattan or the other boroughs may qualify for a credit of $3,000 per eligible employment share; starting in 2004, a $3,000 credit is also available to eligible firms that relocate to Lower Manhattan.

Taxpayers must be certified annually by the City in order to participate in this program. A firm must receive its certificate of eligibility or file a preliminary application and fulfill certain requirements before July 1, 2013 to be eligible to receive REAP benefits.

### Taxes Affected

Banking Corporation Tax
General Corporation Tax
Unincorporated Business Tax
Utility Tax

### Tax Expenditure

$23 million

### Number of Beneficiaries

148 firms

## International Banking Facility Deduction

### Citation

NYC Administrative Code, Section 11-641(f)

### Policy Objective

To promote international banking activities in New York City.

### Description

Beginning in December 1981, the Federal Reserve Board permitted banking offices in the United States to establish international banking facilities (IBFs). This allowed banking offices to conduct a deposit and loan business with foreign residents without being subject to reserve requirements or interest rate ceilings. In addition, several states, including New York, have encouraged banking institutions to establish IBFs by granting favorable tax treatment under State or local law for IBF operations.

Both New York City and State allow banking corporations to deduct the adjusted eligible net income of an IBF, and to exclude IBF payroll, receipts and deposits from the numerator and denominator of the income allocation formula, in calculating taxable income under their banking corporation taxes. Alternatively, a bank can elect to include its IBF's results in calculating its net income, but to exclude IBF payroll, receipts and deposits from the numerator (while including them in the denominator) of its income allocation formula. As a result, banking offices in New York can, through their IBFs, conduct transactions with foreign residents in a regulatory environment broadly similar to that of the Eurocurrency market without having to use an offshore facility.

### Tax Affected

Banking Corporation Tax

### Tax Expenditure

$10 million

### Number of Beneficiaries

35 banking corporations

## Real Estate Investment Trusts (REITs)

### Citation

NYC Administrative Code, Sections 11-603.7 and 11-2102.e

### Policy Objective

To promote REITs as investment vehicles.

### Description

New York City generally conforms to federal tax treatment of Real Estate Investment Trusts (REITs). To the extent that the REIT passes its income to the shareholders, the REIT pays no City corporate tax on that income. The dividend or distributed gain is taxed at the shareholder level. Any undistributed income the REIT possesses is subject to taxation. To the extent that they are taxable, REITs are subject to only two of the four alternate tax bases that apply to other General Corporation taxpayers. The tax liability of a REIT is determined by utilizing only the net income and fixed dollar minimum corporate tax bases. Under legislation adopted in 2009, special rules apply to "captive" REITs required to be included in combined returns.

Legislation enacted in 1994 provided eligible REITs tax relief against the NYC Real Property Transfer Tax (RPTT). The measure was intended to encourage the purchase of NYC properties by REITs by providing a 50 percent RPTT rate reduction during a two-year period for qualifying transfers of property made in connection with the formation of a REIT.

Legislation enacted in 1996 made the above benefit permanent and extended the benefit to certain transfers to preexisting REITs. Through legislative extensions, the reduced tax rate for transfers of real property into existing REITs has been continued until August 31, 2011.

### Taxes Affected

General Corporation Tax
Real Property Transfer Tax

### Tax Expenditure

GCT: Not available
RPTT: $8 million

## School Bus Operation Deduction

### Citation

NYC Administrative Code, Section 11-602.8(a)(4)

### Policy Objective

To encourage lower charges for bus services used for educational, charitable or religious purposes.

### Description

Income derived from the operation of school buses, where the customer is a school district or a corporation or association organized and operated exclusively for religious, charitable or educational purposes, is excludable from taxable income.

### Tax Affected

General Corporation Tax

### Tax Expenditure

$2 million

## Dramatic or Musical Arts Performance Exemption

### Citation

NYC Administrative Code, Sections 11-701.17 and 11-704.e

### Policy Objective

To promote the dramatic and musical arts in New York City.

### Description

A tenant that uses taxable premises for a dramatic or musical arts performance for less than four weeks where there is no indication prior to or at the time that the performance commences that it will continue for less than four weeks is exempt from the Commercial Rent Tax. Under this provision, a dramatic or musical arts performance is defined to include theater plays, musical comedies and operettas. It does not include cabaret or nightclub shows, circuses, aqua shows, ice skating, radio or television performances.

In addition, premises used for the production and performance of a theatrical work are eligible for a Commercial Rent Tax benefit for up to 52 weeks.

### Tax Affected

Commercial Rent Tax

### Tax Expenditure

Less than $1 million

## Employment Opportunity Relocation Costs Credit and Industrial Business Zone Credit

### Citation

NYC Administrative Code, Sections 11-503(f), 11-503(n), 11-604.14, 11-604.17-b and Title 22, Chapter 6-D

### Policy Objective

To promote employment in New York City.

### Description

Taxpayers may be allowed a tax credit for certain costs incurred in relocating commercial or industrial "employment opportunities" to New York City from an area outside New York State. "Employment opportunity" means the creation of a full-time position and the hiring of an employee for the position. In order to be eligible for the credit, a taxpayer must relocate to the City a minimum of 10 employment opportunities.

The allowable credit may not exceed $300 and $500, respectively, for each commercial and industrial position relocated.

**Industrial Business Zone Credit**. Legislation enacted in 2005 provides a new employment relocation costs credit, in place of the above credit, for industrial and manufacturing firms that satisfy certain conditions. The new credit is a one-time, refundable credit of $1,000 for each full-time employee (or two part-time employees) relocating to premises in an industrial business zone, as designated by a newly created Industrial Business Zone Boundary Commission. The credit, available in years after 2005, cannot exceed the lesser of $100,000 or the actual cost of relocating furniture, fixtures, equipment, machinery, and supplies.

### Taxes Affected

General Corporation Tax
Unincorporated Business Tax

### Tax Expenditure

Less than $1 million

## Manufacturing and Research & Development Property Depreciation

### Citation

NYC Administrative Code, Sections 11-509(b) and 11-604.3(d),(e)

### Policy Objective

To promote manufacturing and research and development in New York City.

### Description

New York City taxpayers are allowed special deductions for depreciation of certain eligible manufacturing and research-and-development property. For property acquired after December 31, 1967, the taxpayer may elect to deduct from its allocated net income up to double the amount of Federal depreciation on qualified tangible property located in New York City used in the production of goods by manufacturing or processing, or, if the property is used or to be used for research and development in the experimental or laboratory sense, the amount of expenditures for the taxable year, provided entire net income is computed without any deduction for the depreciation of the same property or for such expenditures.

### Taxes Affected

General Corporation Tax
Unincorporated Business Tax

### Tax Expenditure

Less than $1 million

## Real Property Tax Escalation Credit

### Citation

NYC Administrative Code, Sections 11-503(e) and 11-604.13

### Policy Objective

To encourage businesses to relocate to New York City.

### Description

Certain taxpayers that have relocated to leased premises in New York City from a location outside New York State and that have created at least 100 full-time industrial or commercial employment opportunities in the City are allowed a tax credit for the amount of additional lease payments actually paid to the taxpayer's landlord that are based solely and directly upon increased real property taxes imposed upon the relocation premises.

Before a taxpayer can claim the credit, the taxpayer's eligibility must be approved and certified by the City. The credit can be claimed annually for the length of the lease term, or for a period not to exceed ten years from the date of relocation, whichever period is shorter.

### Taxes Affected

General Corporation Tax
Unincorporated Business Tax

### Tax Expenditure

Less than $1 million

## Air Pollution Control Facilities Deduction

### Citation

NYC Administrative Code, Sections 11-507(9) and 11-602.8(g)

### Policy Objective

To improve the quality of air in New York City.

### Description

Eligible taxpayers are entitled to a special deduction for expenditures paid or incurred during the taxable year for the construction, reconstruction, erection or improvement of Air Pollution Control Facilities. Such facilities must be certified by the New York State Commissioner of Environmental Conservation or the State commissioner's designated representative in accordance with applicable provisions of the Environmental Conservation Law, the State sanitary code and regulations, permits or orders issued pursuant thereto.

### Taxes Affected

General Corporation Tax
Unincorporated Business Tax

### Tax Expenditure

Not available

## Credit Line Mortgages

### Citation

NYS Tax Law, Section 253-b
NYC Administrative Code, Section 11-2603

### Policy Objective

To reduce credit costs for small homeowners and businesses.

### Description

Taxpayers normally pay a tax each time a new indebtedness is created that is secured by a mortgage on City-situated real property. However, for a credit-line mortgage — a mortgage that secures indebtedness under a financing agreement that allows the borrower to receive a series of advances or re-advances up to a stated amount — the Mortgage Recording Tax is paid on the maximum principal amount. No further tax is due on advances or re-advances by the lender if the maximum principal amount is not increased.

Prior to 1996, this benefit was only available in the case of one- to six-family, owner-occupied residences. Legislation enacted in 1996 extended this benefit to all residential and commercial credit-line mortgages with a credit limit of less than $3 million.

### Tax Affected

Mortgage Recording Tax

### Tax Expenditure

Not available

## Owner, Lessee or Fiduciary that Holds, Leases or Manages Real Property

### Citation

NYC Administrative Code, Section 11-502(d)

### Policy Objective

To exempt certain revenue-generating activities from business taxation.

### Description

The City's Unincorporated Business Tax is generally imposed on unincorporated businesses operating in the City. However, certain owners of real property, lessees or fiduciaries engaged in holding, leasing or managing real property are not considered to be engaged in an unincorporated business, and are exempt from the tax. Other business activities, however, may be taxable. In this connection, if the owner, lessee or fiduciary carries on any business at the real property, including, for example, a garage, restaurant, laundry or health club, that business will be considered incidental to the holding, leasing and management of real property and also not subject to taxation, provided the business is conducted solely for the benefit of tenants and is not available to the public.

An owner of real property, a lessee or a fiduciary that operates a garage in a building exempt from the UBT receives an exemption for income received from building tenants who rent parking spaces in the building's public garage on a monthly or longer-term basis, but income from renting parking spaces to the public or to building tenants on a short-term basis is subject to tax.

### Tax Affected

Unincorporated Business Tax

### Tax Expenditure

Not available

# Purchase and Sale of Property or Financial Instruments for Taxpayer's Own Account

## Citation

NYC Administrative Code, Section 11-502(c)

## Policy Objective

To exempt certain revenue-generating activities from business taxation.

## Description

The City's Unincorporated Business Tax is generally imposed on unincorporated businesses operating in the City. However, individuals or entities engaged in certain trading activities for their own account are not considered to be engaged in an unincorporated business. These activities include the purchase and sale of property or the purchase, sale or writing of stock option contracts, or both, for the individual's or entity's own account. Also included are certain investment transactions involving notional principal contracts and other types of derivative financial instruments.

The law contains certain safe harbors designed to prevent loss of the exemption where incidental business activities are conducted.

## Tax Affected

Unincorporated Business Tax

## Tax Expenditure

Not available

## Special Allocation Rule: Credit Card Interest

### Citation

NYC Administrative Code, Section 11-642(a)(2)(D)

### Policy Objective

To allocate accurately taxable income derived from a special multi-jurisdictional economic activity.

### Description

In determining their business allocation percentage, taxpayers normally determine the source of receipts from services based upon where the services were performed. Accordingly, service charges and fees from credit cards are deemed earned in New York City if the card is serviced in the City. However, credit card interest is allocated based upon the domicile of the cardholder.

### Tax Affected

Banking Corporation Tax

### Tax Expenditure

Not available

## Special Allocation Rule: 80/20 Allocation Rule for Security/Commodity Brokers

### Citation

NYS Corporate Franchise Tax Regulation, Section 4-4.3(c)
NYC Unincorporated Business Tax Regulation, Section 28-07(h)

### Policy Objective

To allocate accurately taxable income derived from a special multi-jurisdictional economic activity.

### Description

In determining their business allocation percentage, taxpayers normally determine the source of receipts from services based upon where the services were performed. However, taxpayers that are security and commodity brokers allocate commissions derived from the execution of purchase or sales orders for the accounts of customers in the following manner:

(a) If the order originates at a New York City place of business and is transmitted to an office of the taxpayer located in New York City for execution on an exchange located in the City, 100 percent of the commission is allocated to New York City.

(b) If the order originates out-of-City and is transferred to an office of the taxpayer located in New York City for execution on an exchange located in the City, 20 percent of the commission is allocated to New York City.

(c) If the order originates at a New York City place of business and is transmitted to an office of the taxpayer outside the City for execution on an exchange located outside of the City, 80 percent of the commission is allocated to New York City.

Under legislation enacted in 2009, which applies to tax years beginning after 2008, special rules are prescribed for apportioning receipts from certain services of registered securities or commodities brokers or dealers. Under the new rules, brokerage commissions, as well as other items such as margin interest and advisory service fees, are sourced within and outside the city based on the mailing address of the firm's customer.

### Taxes Affected

General Corporation Tax
Unincorporated Business Tax

### Tax Expenditure

Not available

## Special Allocation Rule: Newspaper and Periodical Publishers' Advertising Sales Receipts

### Citation

NYC Administrative Code, Sections 11-508(e-1) and 11-604.3(a)(2)(B)

### Policy Objective

To allocate accurately taxable income derived from a special multi-jurisdictional economic activity.

### Description

In determining their business allocation percentage, taxpayers normally determine the source of receipts from services based upon where the services were performed. However, publishers of newspapers and periodicals allocate income received from their sales of advertising based on the number of newspapers and periodicals delivered to points within the City.

### Taxes Affected

General Corporation Tax
Unincorporated Business Tax

### Tax Expenditure

Not available

## Special Allocation Rule: Radio/TV Commercial Receipts

### Citation

NYC Administrative Code, Sections 11-508(e-1) and 11-604.3(a)(2)(A), (B) and .3(a)(9)

### Policy Objective

To allocate accurately taxable income derived from a special multi-jurisdictional economic activity.

### Description

In determining their business allocation percentage, taxpayers normally determine the source of receipts from services based upon where the services were performed. However, for both GCT and UBT purposes, the income a business receives from broadcasting radio and television commercials or programs (whether through the public airwaves or by cable, satellite transmission or any other means of transmission) is allocated to the City based on the "audience location method," i.e., the ratio of the number of the broadcaster's New York City listeners/viewers to its total listeners/viewers.

In addition, charges paid by subscribers to television or radio programming services (whether transmitted by cable or otherwise) are allocated to the jurisdiction in which the subscriber is located, determined, generally, on the basis of the subscriber's billing address.

### Taxes Affected

General Corporation Tax
Unincorporated Business Tax

### Tax Expenditure

Not available

## Small Corporation Exemption From Alternative Taxes

### Citation

NYC Administrative Code, Section 11-604(1)(I)

### Policy Objective

To provide tax relief to small corporations located entirely within the City.

### Description

For tax years beginning on or after January 1, 2007, the alternative income-plus-stockholder-compensation tax base and the business and investment capital tax base under the general corporation tax do not apply to a corporation if its Federal gross income is less than $250,000, its business allocation percentage is 100 percent, and it has no investment or subsidiary capital.

### Tax Affected

General Corporation Tax

### Tax Expenditure

Not available

## Biotechnology Credit

### Citation

NYS Tax Law, Section 1201-a(d), NYC Administrative Code, Section 11-503(o), 11-604.21

### Policy Objective

To encourage emerging technology companies to locate and expand in the City.

### Description

Biotechnology firms with not more than 100 full-time employees, at least 75 percent of whom are employed in the City, with total annual product sales not exceeding $10 million, and that meet certain other conditions, are eligible for a credit against the general corporation tax or unincorporated business tax based on qualifying expenditures for research and development property, qualified research expenses and qualified high-technology training costs. A taxpayer is allowed a credit of up to $250,000 for a tax year in which its in-City employment level is at least 105 percent of its base year employment; if the increase in jobs is less than 105 percent, the credit is limited to 50 percent of the amount otherwise allowable and the total annual credit cannot exceed $125,000. The total of all biotechnology credits allowed during any calendar year cannot exceed $3 million; if the cap is exceeded, the credits are to be prorated under rules adopted by the Commissioner of Finance.

The credit is available only for tax years beginning in 2010, 2011 and 2012

### Taxes Affected

General Corporation Tax
Unincorporated Business Tax

### Tax Expenditure

No tax expenditure in TY 2007. Program starts in TY 2010.

# PART IV

# NEW YORK CITY TAX EXPENDITURES DERIVED FROM NEW YORK STATE-ADMINISTERED CITY TAXES: THE SALES TAX AND PERSONAL INCOME TAX

## Overview

This part of the report discusses the New York City Sales and Compensating Use Tax (sales tax) and the Personal Income Tax (PIT), which are administered by New York State. City tax expenditures for these taxes conform in large part to those of the State PIT and sales tax. Tax expenditures discussed in this section are not "official" City tax expenditures, as defined in the introduction of this report. Rather, many of these tax items would only very broadly be defined as tax expenditures and are presented in this part for informational purposes only.

Table 8 shows estimates for sales tax expenditures for TY 2007 for which the Department of Finance has data. The personal income tax section provides a list of tax expenditures and two tables that show components of income and modifications to income of New York City resident filers in 2008. These tables are derived from two sources: a statistical sample of Tax Year 2008 personal income tax returns created by the New York State Department of Taxation and Finance and an extract of New York State PIT processing files. Descriptions are also provided for three New York City-specific personal income tax credits.

## New York City Sales Tax Expenditures

New York City generally imposes the sales tax on the same products and services to which the statewide sales tax applies. The following list identifies the sales tax expenditures common to both the State and the City unless otherwise noted.

**Services**

Certain information services [1]
Certain information services provided over the telephone
Services performed on a non-trade basis
Laundering, tailoring, shoe repair and similar services
Capital improvement installation services
Services related to railroad rolling stock
Services related to property delivered outside New York
Municipal parking services
Parking and garaging at a private residence
Certain protective and detective services
Medical emergency alarm call services
Coin-operated car wash services

[1] Starting in 1991, the City taxed credit rating and credit reporting, whether rendered in written or oral form or in any other manner.

Trash removal from a waste transfer facility
Transportation services in connection with funerals

**Food**

Certain food products
Food sold to airlines
Food sold at school cafeterias
Food purchased with food stamps
Water delivered through mains or pipes
Mandatory gratuity charges
Wine used for wine tastings
Vending machine sales of hot drinks and certain foods
Vending machine sales of candy, juice and soft drinks
Food sold at senior citizen housing communities

**Medical**

Drugs, medicines and medical supplies
Eyeglasses, hearing aids and prosthetic aids
Veterinarian services
Service dogs

**Energy**

Fuel, gas, electricity, refrigeration and steam used in research and development and production [1]
Fuel, gas, electricity, refrigeration and steam used in farming and commercial horse boarding
Gas and electric transmission and distribution[2]
Gas and electricity used in transmission, distribution and storage
Residential solar energy systems
Electricity, refrigeration, and steam sold by certain cooperative corporations
Alternative fuels
B20 bio-diesel fuel

**Transportation**

Commercial vessels
Barge repairs
Commercial aircraft
Fuel sold to airlines
Parts for foreign aircraft
Services to private aircraft

[1] Effective November 1, 2000, energy used in the production of tangible personal property for sale is exempt from City taxation. Prior to that date, the City granted taxpayers a refundable credit against their business taxes for sales taxes paid on purchases of electricity used in the production process. Energy used in the production of gas, electricity, refrigeration or steam is exempt from the State sales tax but is subject to the City sales tax.
[2] Beginning August 1, 2009, gas and electric transmission and distribution services are subject to city sales tax.

Intra-family sales of motor vehicles
Motor vehicles and vessels sold to non-residents
Rental of trucks in certain cases
Tractor-trailer combinations
Sales of property by railroads in reorganization
Commercial buses

**Communication and Media**

Interstate and international telephone and telegraph service
Newspapers and periodicals
Shopping papers
Telephone services used by the media
Certain coin-operated telephone charges
Cable television service
Internet access services
Certain telecommunications and Internet equipment
Radio and television broadcasting
Internet data centers
Film production
Certain mobile telecommunication services

**Industry**

Tools and supplies used in production
Farm production and commercial horse boarding
Research and development property
Machinery and equipment used in production
Services to machinery and equipment used in production
Wrapping and packaging materials
Milk crates
Commercial fishing vessels
Certain services used in gas/oil production
Pollution control equipment
Property manufactured by user

**Miscellaneous**

Certain property sold through vending machines
Trade-in allowances
Hotel room rents paid by a permanent resident [1]
Dues for fraternal societies
Dues for homeowners' associations
Homeowners' associations’ parking services
Excise taxes imposed on the consumer
Property sold by morticians

[1] The City defines permanent resident as an occupant of a hotel room for at least 180 consecutive days while the State defines permanent resident as an occupant for at least 90 consecutive days.

Flags
Military decorations
Garage sales
New mobile homes
Used mobile homes
Modular homes
Registered race horses
Race horses purchased through claiming races
Race horses purchased outside the State
Training and maintaining race horses
Property sold to contractor for capital improvements or repairs for exempt organizations
Property donated by manufacturer to tax-exempt organization
Sales and use taxes paid to other states
Precious metal bullion and coins
Computer software transferred to affiliated corporations
Services to computer software
Self-use of pre-written software by its author
Certain computer system hardware
Promotional materials mailed out of state
Printed promotional materials
U.S. postage used in the distribution of promotional materials
Clothing and footwear [1]
Coin-operated photocopying machines
Luggage carts
Emissions-testing equipment
College textbooks
Live dramatic or musical arts production
Lower Manhattan commercial office space

**Exempt Organizations**

New York State agencies and political subdivisions
Industrial development agencies
Federal agencies
United Nations
Diplomats and foreign missions
Charitable organizations
Veterans' posts or organizations
Veterans' home gift shops
Indian nations and members of such Indian nations.
U.S. military base post exchanges

[1] Effective March 1, 2000, clothing and footwear priced under $110 were exempted from State and City sales taxation. This exemption was suspended, effective June 1, 2003, and in 2005, the suspension was extended through the end of March 2006. During the suspension period, several one-week tax holidays were legislated for clothing and footwear costing less than $110. For City sales tax purposes, legislation adopted in 2005 reinstated the exemption as of September 1, 2005. Under legislation enacted in 2007, all clothing and footwear purchases, regardless of cost, were exempted from the City sales tax. Effective August 1, 2009, the City exemption conforms to the State exemption for clothing and footwear items costing less than $110.

Non-profit health maintenance organizations
Non-profit medical expense indemnity or hospital service corporations
Non-profit property/casualty insurance companies
Certain State credit unions
Rural electric cooperatives
Municipal trash removal services

**Admission Charges**

Certain admission charges
Amusement park admissions
Events given for the benefit of charitable organizations, veterans' posts, and Indian nations
Certain symphony orchestra and opera company events
National Guard organization events
Municipal police and fire department events
Certain athletic games
Carnivals or rodeos for certain charitable organizations
Agricultural fairs
Historic homes, gardens, sites, and museums
Performances at a roof garden or cabaret

**Credits**

Sales tax vendor credits
Tangible property sold by contractors in certain situations
Veterinary drugs
Bus companies providing local transit service
Vessel operators providing local transit service

## Table 8
## TAX EXPENDITURE ESTIMATES FOR SELECTED EXEMPTIONS FROM THE SALES TAX BASE [1]
## Tax Year 2007

| PROGRAM | AMOUNT ($ millions) |
|---|---|
| Aviation Fuel Sold to Airlines | 134 |
| Interstate and International Telephone and Telegraph | 88 |
| Cable Television | 83 |
| Water Delivered Through Mains or Pipes[2] | 39 |
| Newspapers and Periodicals | 24 |
| Airline Food and Drink for In-Flight Consumption | 4 |

[1] These are the only sales tax base exemptions for which the NYC Department of Finance has estimates.
[2] Estimate provided is for the fiscal year, which runs from July 1 to June 30.

## Aviation Fuel Sold to Airlines

### Citation

NYS Tax Law, Section 1115(a)(9)

### Description

Fuel sold to airlines for use in their airplanes is tax exempt.

### Estimate

$134 million. Applies to sales at LaGuardia and Kennedy airports.

### Data Source

Port Authority of New York and New Jersey and the U.S. Department of Transportation, Bureau of Transportation Statistics

## Interstate and International Telephone and Telegraph

### Citation

NYS Tax Law, Section 1105(b)

### Description

Interstate and international telephone and telegraph services are tax exempt.

### Estimate

$88 million.

### Data Source

Federal Communications Commission and the U.S. Census Bureau

## Sales and Personal Income Taxes

### Cable Television Service

#### Citation

NYS Tax Law, Section 1105(c)(9)

#### Description

The provision of cable television services to customers is tax exempt.

#### Estimate

$83 million

#### Data Source

City of New York, Department of Information Technology and Telecommunications (DoITT)

### Water Delivered Through Mains or Pipes

#### Citation

NYS Tax Law, Section 1115(a)(2)

#### Description

Purchases of water delivered to the consumer through mains or pipes are exempt.

#### Estimate

$39 million. Estimate does not include wastewater, for which the Water Board also charges. Amount reported is for Fiscal Year 2007.

#### Data Source

Water Board, City of New York, Department of Environmental Protection

## Newspapers and Periodicals

### Citation

NYS Tax Law, Sections 1101(b)(6), 1115(a)(5)

### Description

Newspapers and periodicals are exempt from sales and use tax.

### Estimate

$24 million

### Data Source

U.S. Census Bureau

## Airline Food and Drink for In-Flight Consumption

### Citation

NYS Tax Law, Section 1105(d)(ii)(A)

### Description

Sales of food and drink to airlines for in-flight consumption are exempt from sales taxes.

### Estimate

$4 million. Estimate is based on enplanements at LaGuardia and Kennedy airports.

### Data Source

Air Transport Association and the Federal Aviation Administration

## New York City Personal Income Tax

The following list identifies selected items that modify personal income and tax liability for New York City personal income tax purposes. These items are primarily federal exclusions from income and State modifications that pass through in determining City taxable income.

**Federal Exclusions from Income**

IRA and Keogh Contributions and Earnings Exclusion
Income Earned Abroad by U.S. Citizens
Passive Losses on Rental Real Estate
Capital Gains on Home Sales
Scholarship and Fellowship Income
Employee Meals and Lodging
Public Assistance Benefits
Veterans Benefits
Employer Contributions for Medical Insurance and Care and Long-Term Care Insurance
Employer Contributions for Employee Pensions
Workers' Compensation Benefits
Employer-Provided Tuition Assistance
Employer-Provided Child Care
Certain Employer-Provided Transportation Benefits
Benefits and Allowances to Armed Forces Personnel
Accelerated Death Benefits
Contributions to Health/Medical Savings Accounts
Self-Employed Persons' Health and Long-Term Care Insurance
Employer-Provided Adoption Assistance
Employer-Paid Premiums on Life, Accident and Disability Insurance
Interest on Life Insurance Policy and Annuity Cash Value
Interest on Qualified New York State and Local Bonds
Oil and Gas Exploration and Development Costs
Accelerated Depreciation
Amortization of Business Start-Up Costs
Capital Gains at Death
Farmers' Expensing of Capital Outlays
Capital Asset Treatment of Certain Timber Income and from Ore and Coal Royalties
Expensing of R&D Costs
Expensing of Certain Depreciable Business Property
Social Security and Railroad Retirement Benefits (Partial Exclusion)
Capital Gains from Small Corporation Stock
Expensing of Certain Small Investments
Deferral of Income from Installment Sales
Student Loan Interest
Education IRA's
Earnings of Qualified Tuition Programs

**New York State Modifications to Income**

*Additions*

Interest or Dividends on Obligations or Securities of Certain Federal Authorities
Interest on Obligations of Other States or Political Subdivisions of those States
State, Local or Foreign Income Taxes, Including Unincorporated Business Income Taxes Deducted in Determining Federal Taxable Income
Interest on Loans Incurred to Carry Tax-Exempt Securities
Expenses for Production of Tax-Exempt Income
Public Employee Retirement Contributions
Federal Percentage Depletion
New Business Investment Deferral
S Corporation Shareholder Additions
Other Additions
College Choice Tuition Savings Distributions

*Subtractions*

Interest or Dividend Income on Obligations or Securities Taxable Federally but Exempt for NY Purposes
Interest and Dividends on Obligations or Securities of Certain Federal Authorities
Interest on Obligations of the U.S. and its Possessions
Pensions Paid by the Federal Government, the State of New York or New York Localities
Portion of Pensions and Annuities Received by Individuals 59 ½ Years of Age or Older
Disability Income Included in Federal AGI
Social Security and Tier I Railroad Retirement Benefits Included in Federal AGI
Accelerated Death Benefits and Viatical Settlements
Contribution to NYS College Choice Tuition Savings Program
Compensation for Members of an Organized Militia
Deferral of Gain from Sale of Qualifying Emerging Technology Investments
Payments to Victims of Nazi Persecution
Expenses Incurred by Living Organ Donors
Compensation for Service in a Combat Zone for Members of the U.S. Armed Services

**New York State Deductions and Exemptions (2010)**

*Standard Deduction:*

| | |
|---|---|
| Single | $7,500 |
| Married filing jointly | $15,000 |
| Married filing separately | $7,500 |
| Head of Household | $10,500 |
| Qualifying widow(er) with dependent child | $15,000 |

*Itemized Deductions:*

Medical and Dental Expenses
Interest Expenses
Charitable Contribution Deduction

Casualty and Theft Losses
State and Local Property Taxes and, for Tax Years Before 2010, Sales and Use Taxes Paid
College Tuition Deduction[1]
Job Expenses/Miscellaneous Expenses (subject to 2% AGI threshold)
Other Miscellaneous Expenses

*Dependent Exemptions*
$1,000 Exemption per Dependent

**New York City Tax Credits**

Household Credit
UBT Paid Credit
Earned Income Tax Credit
School Tax Relief (STAR) Credit[2]
Household and Dependent Care Services Credit

[1] Legislation enacted in 2000 permits resident taxpayers to take an itemized deduction for certain college tuition expenses of up to $10,000. The deduction is phased in over a four-year period beginning in tax year 2001. In lieu of a deduction a taxpayer can elect to claim a New York State credit based on such expenses; if the credit is elected, no deduction or credit is allowed for City tax purposes.
[2] New York State funds this credit.

## Components of Adjusted Gross Income and Summary of Deductions and Credits

Tables 9 and 10 on the following pages are based on a random, stratified sample of 214,945 New York City personal income tax (PIT) returns prepared by the New York State Department of Taxation and Finance. Full-year New York City resident taxpayers filed 2.1 million returns.

New York State administers the City PIT and, accordingly, modifications to income, such as exclusions, deductions and other adjustments allowed by the State in determining taxable income, are automatically passed through to the City tax. City PIT tax rates are independent of the State rates and reflect local policy choices about the distribution of the tax burden among income groups.

The amounts provided are aggregate dollars claimed. Tax liability was not calculated due to the complex interactions of a variety of factors, such as the graduated tax rate structure and the different amounts claimed for each of the items by different income groups and filing types.

The tables on the following pages are for TY 2008, the most recent year for which data are available.

**Table 9**
**NEW YORK CITY PERSONAL INCOME TAX**
**COMPONENTS OF ADJUSTED GROSS INCOME (AGI)**
**Tax Year 2008**

**($ Millions)**

| | | |
|---|---|---|
| **INCOME** | | |
| Wages and Salaries | 165,723 | |
| Dividends and Interest | 15,134 | |
| Business Income/Loss | 6,876 | |
| Capital Gain/Loss | 24,036 | |
| Social Security, Pensions, Annuities, IRA | 8,592 | |
| Other Income (1) | 28,315 | |
| Federal Adjustments (2) | (2,952) | |
| **FEDERAL AGI** (3) | | 245,724 |
| **NY ADDITIONS** | | |
| Interest Income on State and Local Bonds (4) | 488 | |
| Other Additions (5) | 2,807 | |
| **TOTAL ADDITION ADJUSTMENTS** | | 3,296 |
| **NY SUBTRACTIONS** | | |
| Pension Income from Federal, NYS, and Local Governments | (1,425) | |
| U.S. Government Bond Interest | (894) | |
| State and Local Tax Refunds | (1,480) | |
| Taxable Social Security Benefits | (2,056) | |
| Pension and Annuity Income Exclusion (6) | (1,406) | |
| New York's 529 College Savings Program Deduction | (157) | |
| Other Subtractions | (1,599) | |
| **TOTAL SUBTRACTION ADJUSTMENTS** | | (9,016) |
| **NY STATE AGI** (3) | | 239,999 |

Note: Table pertains to full-year NYC resident taxpayers only.

1. Includes taxable tax refunds, unemployment compensation, alimony received, and other income or losses.
2. Includes IRA and Keogh plan contributions, one-half of self-employment tax, self-employed health insurance deduction, penalty on early withdrawal of savings, and alimony paid.
3. Amount is adjusted to include OTPA corrections.
4. Does not include interest paid on debt issued by New York State or local governments within the state.
5. Includes public employee retirement contributions, college choice tuition savings distributions, and miscellaneous adjustments.
6. Taxpayers may take an exclusion of up to $20,000 for qualifying pension and annuity income.

# TABLE 10
# NEW YORK CITY PERSONAL INCOME TAX
# SUMMARY OF DEDUCTIONS AND CREDITS
# Tax Year 2008

**($ Millions)**

| | | |
|---|---|---|
| **DEDUCTIONS** | | |
| **FEDERAL ITEMIZED DEDUCTIONS** | | |
| Taxes Paid | | (18,900) |
| Mortgage Interest Paid | | (8,094) |
| Charitable Contributions | | (7,241) |
| Theft and Casualty Losses | | (21) |
| Medical Expenses | | (676) |
| Job and Employee Expenses (1) | | (3,633) |
| College Tuition Deduction | | (280) |
| Other Miscellaneous Expenses (2) | | (579) |
| **TOTAL FEDERAL ITEMIZED DEDUCTIONS** | | (39,425) |
| **TOTAL ITEMIZED DEDUCTIONS** (3) | | (17,222) |
| **TOTAL STANDARD DEDUCTION** | | (15,156) |
| **TOTAL DEDUCTIONS APPLIED** | | (32,377) |
| **EXEMPTIONS APPLIED** | | 1,342 |
| **TAXABLE INCOME** | | 206,279 |
| **NYC RESIDENT TAX** (4) | | 7,252 |
| NYC Household Credit | (11) | |
| UBT Paid Credit | (158) | |
| Earned Income Tax Credit | (77) | |
| NYC School Tax Relief Credit (5) | (595) | |
| NYC Child and Dependent Care Credit | (23) | |
| Other Taxes (6) | 0 | |
| **TOTAL NYC TAX LIABILITY** | | 6,388 |

Note: Table pertains to full-year NYC resident taxpayers only.

1. Job expenses and most other miscellaneous deductions are subject to a 2% of AGI threshold.
2. Includes miscellaneous deductions not subject to the 2% threshold.
3. Available itemized deductions after New York State add-backs and high-income limitations.
4. Tax credits are based on filers in the population file rather than the taxpayer sample.
5. The NYC School Tax Relief (STAR) credit is state-funded.
6. Includes the New York City minimum tax.

## Earned Income Credit

### Citation

NYS Tax Law, Section 1310(f); NYC Administrative Code, Section 11-1706(d)

### Policy Objective

To provide tax relief to low-income New York City residents.

### Description

Beginning in tax year 2004, low-income New York City residents are eligible for an earned income tax credit against the City personal income tax equal to 5 percent of the earned income tax credit allowed for federal income tax purposes. If the City credit is greater than the taxpayer's tax liability, after deducting other allowable credits, the excess will be treated as an overpayment and refunded to the taxpayer.

### Distributional Information

A total of 788,653 filers received the earned income tax credit, worth $77.1 million. The average credit per filer was $98. Additional distributional information appears below.

**NEW YORK CITY EARNED INCOME TAX CREDIT**
**TAX YEAR 2008**

| Federal Adjusted Gross Income | Number of Filers | Total Value of Credit (000) | Average Value |
|---|---|---|---|
| $0-$4,999 | 97,076 | $2,577,449 | $27 |
| $5,000-$9,999 | 180,882 | $12,406,777 | $69 |
| $10,000-$14,999 | 162,102 | $22,392,704 | $138 |
| $15,000-$19,999 | 104,135 | $18,188,542 | $175 |
| $20,000-$24,999 | 86,744 | $11,521,019 | $133 |
| $25,000-$29,999 | 75,362 | $6,587,921 | $87 |
| $30,000-$41,645 | 82,352 | $3,402,619 | $41 |
| All Filers | 788,653 | $77,077,031 | $98 |

### Tax Expenditure

$77.1 million

## Household Credit

### Citation

NYS Tax Law, Section 1310(d)
NYC Administrative Code, Section 11-1706(b)

### Policy Objective

To provide tax relief to low-income New York City households.

### Description

New York City filers with federal adjusted gross income below specified levels may claim the household credit. The amount of the credit varies according to filing status, federal adjusted gross income and the number of persons in the household. In tax year 2008, the credit was available to single filers with federal adjusted gross income not greater than $12,500 and other filing types with adjusted gross income not greater than $22,500. The credit amount decreases as income increases, and in 2008 ranged from $15 to $10 for single filers and from $30 to $10 per household member for all other filers. The household credit is not refundable.

### Distributional Information

In TY 2008, 380,516 New York City filers claimed the household credit. The household credit reduced 2008 tax liability by $10.7 million. Of the 3.4 million New York City filers, approximately 11 percent claimed the household credit. The average benefit was $28 per household, with over half the beneficiaries reporting income below $15,000.

**NEW YORK CITY HOUSEHOLD CREDIT**
**TAX YEAR 2008**

| Federal Adjusted Gross Income | Number of Filers | Total Value of Credit (000) | Average Value |
|---|---|---|---|
| Under $10,000 | 79,847 | $1,067,092 | $13 |
| $10,000 - $14,999 | 126,225 | $2,963,242 | $23 |
| $15,000 - $19,999 | 115,618 | $5,120,212 | $44 |
| $20,000 - $22,500 | 58,826 | $1,596,215 | $27 |
| All Filers | 380,516 | $10,746,760 | $28 |

### Tax Expenditure

$10.7 million

## Credit for Unincorporated Business Tax Payments

### Citation

NYS Tax Law, Section 1310(e)
NYC Administrative Code, Section 11-1706(c)

### Policy Objective

To relieve New York City residents who own or have an interest in a business subject to the City's unincorporated business tax from the double taxation of income earned by the business.

### Description

New York City residents are allowed to claim credits against their City personal income tax liabilities for unincorporated business taxes paid by businesses they carry on as sole proprietors or paid by partnerships in which they are partners. For taxable years beginning on or after January 1, 1997, a City resident whose taxable income is not more than $42,000 is allowed a credit for 65 percent of his or her share of the UBT paid by the firm for its tax year ending within or at the same time as the resident's tax year; a resident whose taxable income is more than $42,000 but not more than $142,000 is allowed a declining credit computed by subtracting from 65 percent, one-tenth of a percentage point for each $200 of taxable income above $42,000; and a resident whose taxable income is over $142,000 is allowed a 15 percent credit. The City is authorized to adopt local laws to raise (but not reduce) the above percentages to as much as a 100 percent credit. A local law enacted in 2007, and applicable to tax years beginning in 2007 and thereafter, raised the credit percentage to 100 percent where taxable income is not over $42,000, to 23 percent where income is $142,000 or over, and to a percentage that declines from 100 percent to 23 percent in income ranges between $42,000 and $142,000.

### Distributional Information

A total of 25,653 taxpayers claimed the unincorporated business tax credit. The total value of the credit was $158.3 million and the average credit per taxpayer was $6,170. Additional distributional information appears on the next page.

**UNINCORPORATED BUSINESS TAX CREDIT**
**TAX YEAR 2008**

| Federal Adjusted Gross Income | Number of Taxpayers | Total Value of Credit (000) | Average Value |
|---|---|---|---|
| $0 - $24,999 | 45 | $21,999 | $215 |
| $25,000 - $49,999 | 562 | $277,777 | $22 |
| $50,000 - $74,999 | 2,237 | $2,078,505 | $929 |
| $75,000 - $99,999 | 2,073 | $3,405,982 | $1,643 |
| $100,000 - $124,999 | 1,857 | $3,243,276 | $1,747 |
| $125,000 - $149,999 | 1,515 | $2,405,824 | $1,588 |
| $150,000 - $199,999 | 2,553 | $3,385,932 | $1,326 |
| $200,000 - $299,999 | 3,191 | $4,649,158 | $1,457 |
| $300,000 - $499,999 | 3,264 | $6,854,422 | $2,100 |
| $500,000 - $999,999 | 3,405 | $11,351,230 | $3,334 |
| $1,000,000 and above | 4,951 | $120,603,009 | $24,359 |
| All Taxpayers | 25,653 | $158,277,113 | $6,170 |

## Tax Expenditure

$158.3 million

## Child and Dependent Care Services Credit

### Citation

NYC Administrative Code, Section 11-1706(e)

### Policy Objective

To help low-income NYC residents pay certain expenses necessary for gainful employment.

### Description

Beginning with the 2007 tax year, a refundable personal income tax credit is allowed for expenses for certain household and dependent care services necessary for gainful employment. The credit equals the "applicable percentage" of the allowable New York State household and dependent care credit; however, for purposes of the City credit only child care expenses for dependents under the age of four are considered. For filers with household gross income up to $25,000, the applicable percentage is 75 percent. Under a sliding-scale formula, the applicable percentage declines from 75 percent to zero for household gross incomes between $25,000 and $30,000.

### Distributional Information

A total of 40,052 filers claimed the child and dependent care services credit. The total value of the credit was $22.9 million and the average credit per filer was $573.

**NEW YORK CITY CHILD AND DEPENDENT CARE SERVICES CREDIT**
**TAX YEAR 2008**

| Federal Adjusted Gross Income | Number of Filers | Total Value of Credit (000) | Average Value |
|---|---|---|---|
| $0-$4,999 | 1,045 | $420,008 | $402 |
| $5,000-$9,999 | 4,512 | $2,525,110 | $560 |
| $10,000-$14,999 | 7,683 | $4,968,969 | $647 |
| $15,000-$19,999 | 8,323 | $5,685,256 | $683 |
| $20,000-$24,999 | 9,110 | $6,225,182 | $683 |
| $25,000-$30,000 | 9,379 | $3,121,567 | $333 |
| All Filers | 40,052 | $22,946,091 | $573 |

### Tax Expenditure

$22.9 million

# PART V

# SUMMARY OF AUDITS AND EVALUATIONS OF NEW YORK CITY TAX EXPENDITURES

In accordance with the requirements of the City Charter, this section summarizes audits and evaluations of City tax expenditures. Information is excerpted from the Local Law 48 Report issued by the NYC Economic Development Corporation (EDC).[1]

## New York City Economic Development Corporation, Local Law 48 Report, Fiscal Year 2010

### Introduction

The Economic Development Corporation's FY 2010 annual Local Law 48 Report provides information about projects conducted with businesses to support investment, job retention and growth, referred to as "investment projects," pursuant to Local Law 48 of 2005 (LL48).

LL48 requires EDC to submit to the New York City Council, the mayor, the City comptroller, the public advocate, and the borough presidents an annual report containing descriptive data on a selected group of EDC projects, the amounts of City assistance (hereinafter referred to as City Costs) provided by EDC to the businesses involved in these projects, and estimates of the tax revenues generated (hereinafter referred to as City Benefits) by these projects. For each project, data are provided for the life of the project, beginning in the year the project is initiated, except that for sales and development leases of City-owned land, these data are provided only for the year in which the project is initiated and the seven years following. Projects included in this report are land sale and development lease projects that commenced in FY 2003 through FY2010, and all other projects that commenced in FY1999 through FY2010. NYC Charter Section 240 reporting requirements appear in Appendix I.

EDC believes this report shows how critical its financial assistance efforts are to rebuild and expand New York City's economic base by stimulating investment, job growth and business expansion. The typical company investment included in this report would have been delayed, abandoned or made outside New York City but for the intervention and support of EDC. In addition, EDC appreciates the opportunity to discuss the public benefits generated by its investment projects and to explain the dynamic public/private partnership that makes EDC successful.

### Summary of Public Benefits

EDC reported 613 investment projects. The following are the sums of the totals of all years included in the report for all projects:

[1] The text in this section is excerpted from the FY 2009 Annual Investment Projects Report, Volume I, prepared by the New York City Economic Development Corporation pursuant to Local Law 48.

- Employment at project locations was 4 percent of total private employment in New York City.

- The projects involved approximately $18 billion of private investment.

- The present value of City Costs for these projects is estimated to be $898 million.

- The present value of City Benefits is estimated to be $28 billion, over 31 times the value of City Costs.

- The projects will return a cumulative Net Benefit to the City (City Benefits minus City Costs) of approximately $27 billion.

# APPENDIX I

# NEW YORK CITY CHARTER SECTION 240

## Tax Benefit Report

Not later than the fifteenth day of February the mayor shall submit to the council a tax benefit report that shall include:

1. a listing of all exclusions, exemptions, abatements, credits or other benefits allowed against City tax liability, against the base or the rate of, or the amount due pursuant to, each City tax, provided however that such listing need not include any benefits which are applicable without any City action to such City tax because they are available in regard to a federal or State tax on which such City tax is based; and

2. a description of each tax benefit included in such listing, providing the following information:

   (a) the legal authority for such tax benefit;

   (b) the objectives of, and eligibility requirements for, such tax benefit;

   (c) such data and supporting documentation as are available and meaningful regarding the number and kind of taxpayers using benefits pursuant to such tax benefit and the total amount of benefits used pursuant to such tax benefit, by taxable and/or fiscal year;

   (d) for each tax benefit pursuant to which a taxpayer is allowed to claim benefits in one year and carry them over for use in one or more later years, the number and kind of taxpayers carrying forward benefits pursuant to such tax benefit and the total amount of benefits carried forward, by taxable and/or fiscal year;

   (e) for nineteen hundred ninety and each year thereafter for which the information required by paragraphs three and four are not available, the reasons therefor, the steps being taken to provide such information as soon as possible, and the first year for which such information will be available;

   (f) such data and supporting documentation as are available and meaningful regarding the economic and social impact and other consequences of such tax benefit; and

   (g) a listing and summary of all evaluations and audits of such tax benefit issued during the previous two years.

# APPENDIX II

## DESCRIPTION OF MAJOR NEW YORK CITY TAXES

**New York City Tax Revenues**
**Fiscal Year 2010**
(Millions)

| Tax | Revenues |
|---|---|
| Real Property Tax | $16,184 |
| Personal Income Tax | $6,858 |
| Sales Tax | $5,059 |
| General Corporation Tax | $1,976 |
| Unincorporated Business Tax | $1,560 |
| Banking Corporation Tax | $969 |
| Real Property Transfer Tax | $615 |
| Commercial Rent Tax | $594 |
| Utility Tax | $375 |
| Mortgage Recording Tax | $366 |
| Hotel Tax | $363 |
| Other | $609 |
| Total | $35,528 |

Audit revenues are excluded.
Amounts may not add exactly due to rounding.

## Banking Corporation Tax

This tax is imposed on banking corporations, including commercial and savings banks, savings and loan associations, trust companies, and certain subsidiaries of banks, which do business in New York City in a corporate or organized capacity.

A banking corporation determines its tax liability by making three alternative calculations and comparing the results to a fixed minimum tax. The tax due is the largest of the following four amounts:

(1) 9 percent of entire net income allocated to the City;

(2) 3 percent of alternative entire net income allocated to the City;

(3) one-tenth of a mill on each dollar of taxable assets allocated to the City (except that, for tax years beginning before 2011, alien banking corporations calculate a tax at the rate of 2.6 mills per dollar of issued capital stock allocated to the City);

(4) $125 minimum tax.

## Commercial Rent Tax

This tax is imposed at an effective rate of 3.9 percent of the base rent paid by tenants of premises used to conduct any business, profession or commercial activity.

The tax does not apply in Manhattan north of 96th Street or in the other boroughs. Tenants with annual rent (or annualized rent for part-year filers) below $250,000 are exempt from the tax and tenants with annual taxable rents between $250,000 and $300,000 are eligible for a sliding-scale credit that partially offsets tax liability.

## General Corporation Tax

This tax is imposed on those corporations, both domestic and foreign, that do business, employ capital, own or lease property or maintain an office in New York City.

A corporation determines its tax liability by making three alternative calculations and comparing the results to a fixed minimum tax. The primary tax liability is the largest of the four following amounts:

(1) 8.85 percent of the corporation's entire net income allocated to the City;

(2) 0.15 percent of the firm's business and investment capital allocated to the City (or 0.04 percent for cooperative housing corporations), subject to a cap of $350,000, which increased to $1 million as of 2009;

(3) 8.85 percent of 30 percent of the sum of entire net income plus the compensation paid to certain shareholders, less a fixed-dollar exclusion, allocated to the City. Beginning in tax year 2007, the "30 percent" component of the calculation will be reduced to 15 percent over a four-year period

(4) $300 minimum tax. Effective for tax years beginning after 2008, the minimum tax ranges from $25 to $5,000, depending on the taxpayer's New York City receipts.

Beginning in tax year 2007, corporations having only business capital, a 100 percent allocation percentage and federal gross income below $250,000 are not subject to the calculations in items (2) and (3) above.

In addition to the primary tax liability, a tax on subsidiary capital is also payable. The subsidiary tax is at the rate of 0.075 percent of subsidiary capital allocated to the City.

### Mortgage Recording Tax

This tax is imposed on the recording of real estate mortgages in New York City. For mortgages that are less than $500,000, the rate is $1.00 per $100 of indebtedness. For mortgages that are $500,000 or more the rate varies:

- for mortgages on 1-, 2- or 3-family homes or individual residential condominium units the rate is $1.125 per $100 of indebtedness.

- for all other mortgages that are $500,000 or more the rate is $1.75 per $100 of indebtedness.

### Personal Income Tax

This tax is imposed on the taxable income of every resident of New York City. The City's definition of taxable income follows, with certain modifications, Federal law, and is the same as the New York State definition.

The personal income tax rates imposed on New York City residents range from 2.907 percent to 3.648 percent. Beginning with tax year 2010, taxpayers with taxable incomes over $500,000 are subject to a top rate of 3.876 percent.

Legislation enacted in 1999 eliminated the City's non-resident earnings tax, effective July 1, 1999. This tax was imposed on the New York City wages and net earnings from self-employment of non-residents.

### Real Property Tax

Under Article 18 of the Real Property Tax Law, real property in New York City is divided into different classes:

(1) Class 1 consists of 1-, 2- and 3-family residential property, small condominiums, and certain vacant land north of 110th Street in Manhattan and in the other boroughs.
(2) Class 2 consists of all other residential property, including cooperatives and condominiums;
(3) Class 3 consists of utility company equipment and special franchises; and
(4) Class 4 consists of all other real property, such as office buildings, factories, stores, hotels and lofts.

**FY 2011 Rates**

New York City assesses properties at a uniform percentage of market value within each class of real property, applying class-specific tax rates to determine tax liability. The rates, per $100 of assessed value, are as follows:

| | |
|---|---|
| Class 1 | 17.364 |
| Class 2 | 13.353 |
| Class 3 | 12.631 |
| Class 4 | 10.312 |

## Real Property Transfer Tax

This tax is imposed on the transfer of real property located in New York City and on the transfer of a controlling economic interest in real property located in New York City.

The rates of the real property transfer tax for residential properties (1-, 2- or 3-family homes, an individual residential condominium unit, or an individual cooperative apartment) are the following:

- for residential properties transferred for a consideration of $500,000 or less, the rate is 1 percent of the consideration.
- for residential properties transferred for a consideration of more than $500,000, the rate is 1.425 percent of the consideration.

For properties other than the residential properties referred to above:

- the tax rate is 1.425 percent if the consideration is not more than $500,000; and
- 2.625 percent if the consideration is more than $500,000.

## Sales Tax

This tax is imposed on the sale or use of tangible personal property and certain services; sales of gas, electricity, steam, refrigeration, and intrastate telephone and telegraph services; food and beverages sold by restaurants and caterers; hotel and motel occupancies; admission charges to certain places of amusement; and club dues. Legislation enacted in 2009 increased the city sales tax rate to 4.5 percent as of August 1, 2009. Prior to that, the tax rate was 4 percent, except for the period June 4, 2003 to May 31, 2005, for which the rate was temporarily increased to 4.125 percent.

New York City sales and use tax is also imposed on charges for the parking or garaging of motor vehicles. The basic tax rate imposed on the parking charge is 6 percent; an additional 8 percent tax is imposed on parking in Manhattan. Manhattan residents who meet certain conditions are exempt from the 8 percent tax.

## Unincorporated Business Tax

This tax is imposed on every individual or unincorporated entity carrying on a trade, business or profession wholly or partly within New York City.

The unincorporated business tax is imposed at the rate of 4 percent of taxable income allocable to New York City. For tax years beginning after 1996 but before 2009, businesses owing unincorporated business tax liability of $1,800 or less may receive a credit to fully offset liability; businesses owing between $1,800 and $3,200 may receive a credit providing partial relief. For tax years beginning after 2008, a full credit is allowed if the tax is not more than $3,400 and a partial credit is allowed if the tax is more than $3,400 but less than $5,400.

## Utility Tax

This tax is imposed on every utility and vendor of utility services that does business in New York City. "Utilities" are those companies that are subject to the supervision of the New York State Department of Public Service, including gas and electric companies and telephone companies. Companies that derive 80 percent or more of their gross receipts from mobile telecommunications services are also considered utilities, regardless of whether they are supervised by the Department of Public Service. Vendors of utility services are those that are not "utilities" but that sell gas, electricity, steam, water, refrigeration, or telecommunications services, or that operate omnibuses, whether or not those activities represent the vendor's main business.

The basic utility tax rate is 2.35 percent of gross income or gross operating income. Different rates apply to bus companies and railroads.

# APPENDIX III

## AVERAGE NEW YORK CITY TAXES PER WORKER

### Methodology

The Department of Finance estimates the average amounts of New York City taxes attributable to workers employed in various economic sectors in the City in two basic ways. For business income and commercial rent taxes paid by businesses, industry sector tax liability from Department of Finance Office of Tax Policy data is divided by sector employment to determine average business taxes per worker. For utility and sales taxes paid by businesses, the business share of liability is distributed among industry sectors based upon the distribution of payroll by sector as provided by the New York State Department of Labor.

For taxes paid by individuals, the Office of Tax Policy used a file of wage and withholding information supplied by the New York State Department of Taxation and Finance. This file was merged with the New York State personal income tax file to obtain income and personal income tax paid for each employee, and with business income tax files to determine the industry sector of each employer. The average sales tax paid by individuals in each sector was computed based upon the average income in that sector from this data source.

The estimate of average City taxes per worker is the sum, by sector, of average business taxes per worker and average individual taxes per worker. Employment data are for calendar year 2007 and tax data are for tax year 2007, which roughly corresponds to calendar year 2007.

Eight City taxes are included in the calculations: real property tax, banking corporation tax, general corporation tax, unincorporated business tax, utility tax, commercial rent tax, personal income tax and sales tax. (Minor City taxes, such as the hotel room occupancy tax, cigarette tax and beer and liquor excise tax, which are not directly related to primary City business activities, are excluded.)

The table below shows the calculated values of average taxes per worker by industry sector. The second column shows these values with property taxes excluded, and the third column shows the values for all City taxes.

## Average Taxes Per Worker by Sector
## Tax Year 2007

| Sector | Non-Property Taxes Average Per Worker | All Taxes Average Per Worker |
|---|---|---|
| All Industries | 5,051 | 5,896 |
| Private | 5,585 | 6,538 |
| | | |
| Finance & Insurance | 17,856 | 20,327 |
| Legal Services | 11,345 | 12,641 |
| Real Estate | 9,604 | 10,254 |
| Information | 7,391 | 7,863 |
| Professional/Technical/Managerial | 6,569 | 7,782 |
| Manufacturing | 4,713 | 6,701 |
| Trade | 4,062 | 4,940 |
| Others | 2,855 | 3,057 |
| Services | 2,576 | 3,048 |
| Public Administration | 2,034 | 2,266 |

The methodology and data sources used to calculate the average taxes per worker for each tax are detailed below.

**Business Income Taxes**

These include the General Corporation Tax (GCT), Unincorporated Business Tax (UBT) and Banking Corporation Tax (BCT). Department of Finance (DOF) Office of Tax Policy databases were used to obtain the distribution of GCT and UBT liability by industry sector; the Bank Tax is allocated entirely to the Finance & Insurance sector. Total business income taxes per sector are then divided by sector employment to determine business income taxes per sector per worker.

Sources: DOF Tax Policy business income tax data; NYS Department of Labor (DOL) employment data.

**Personal Income Tax (PIT)**

The Office of Tax Policy used a file of wage and withholding information supplied by the New York State Department of Taxation and Finance. This file was merged with personal income tax files to obtain income and personal income tax paid for each employee, and with business income tax files to determine the industry sector of each employer.

Sources: NYS Department of Taxation and Finance PIT and wage/withholding data; DOF Tax Policy business income tax data.

**Sales Tax (STX)**

The business share of the sales tax (about 22 percent) is assumed to be distributed according to the sector distribution of payroll from NYS DOL employment data. Industry sector STX shares are then divided by sector employment to determine average business STX paid per worker.

The average individual STX paid per worker is determined by combining income data for residents with NYS DOL employment statistics and BLS Consumer Expenditure Survey data to determine average taxable consumer expenditures at various income levels for residents and non-residents. A weighted average of resident and non-resident STX paid is used to determine the average tax per individual worker, with an adjustment made to exclude STX revenue from tourists. The average STX per sector per worker is the sum of the business share per worker and the individual share per worker.

Sources: NYC Tax Study Commission data; NYS DOL data; BLS Consumer Expenditure Survey Data; NYS Department of Taxation and Finance PIT and wage/withholding data; DOF Tax Policy commuter tax data; DOF Tax Policy business income tax data.

**Commercial Rent Tax**

Department of Finance Commercial Rent Tax (CRT) files are used to calculate CRT liability by industry sector, and liability is divided by sector employment to determine average CRT per sector per worker.

Sources: DOF Tax Policy business income tax and CRT data; NYS DOL data.

**Real Property Tax**

The billable assessed value for Class 4 (non-residential, non-utility) buildings — net of the value of land, which is assumed to be independent of the number of employees — is allocated to industry sector according to building classification, except for the class "office buildings," which cannot be specifically identified by sector. For office buildings, the billable assessed value is assumed to be distributed by sector in proportion to the distribution of payroll by sector. Billable assessed value for each industry sector is totaled and multiplied by the tax rate to determine tax liability, which is then divided by sector employment to determine the average property tax paid per sector per worker.

Sources: DOF Real Property Assessment Division data; NYS DOL data.

**Utility Tax (UTX)**

Utility Tax liability is distributed 55 percent to commercial customers, based on NYS Public Service Commission data. (Residential utility taxes are assumed to be independent of employment and are not included in the calculation of taxes-per-worker.) Business UTX is assumed to be distributed among industry sectors in proportion to the distribution of payroll by sector. Sector liability is then divided by sector employment to determine UTX paid per worker.

Sources: NYS Public Service Commission data; NYS DOL data.

## NYC Taxes Directly Related To City Employment

The ranking of industry sectors based on the City taxes directly attributable to them is derived from the taxes-per-worker analysis and utilizes the same methodological assumptions. For taxes paid by businesses, aggregate City tax liability is sorted by industry sector. For taxes paid by individuals, average taxes-per-worker calculated by industry sector are multiplied by industry-sector employment levels to determine the aggregate individual taxes attributable to the sectors. The two amounts are combined to provide the total taxes directly attributable to an industry sector. As in the average taxes-per-worker analysis, the calculation of total taxes is not intended to capture marginal revenues resulting from new employment, either directly or indirectly through “multiplier effects.”

The first table presented below provides a ranking of industry sectors in descending order of total taxes attributable to the sectors. Following is a more detailed sub-industry sector listing. For comparison purposes, the average taxes-per-worker and NYC employment rankings of the industry sectors are provided.

Please note that for several sub-industry sectors, the average taxes-per-worker numbers are atypically high. This is due to the presence in the City of management offices and employees with relatively high City tax liabilities compared to the number of other workers employed in those sectors in the City. Thus, for example, Chemical and Allied Products is ranked first in average taxes per worker but fortieth in City employment.

## NYC Taxes Directly Related to City Employment [1] by Sector
## Tax Year 2007

| Rank | Sector | Total Taxes *(millions)* | Taxes per Worker | TPW Rank | Employment Rank |
|---|---|---|---|---|---|
| | All Industries | $21,448.9 | $5,896 | | |
| | Private | $20,210.1 | $6,538 | | |
| 1 | Finance & Insurance | $6,895.3 | $20,327 | 1 | 4 |
| 2 | Services | $3,999.4 | $3,048 | 9 | 1 |
| 3 | Professional/Technical/Managerial | $2,329.5 | $7,782 | 5 | 5 |
| 4 | Trade | $2,142.1 | $4,940 | 7 | 3 |
| 5 | Public Administration | $1,238.8 | $2,266 | 10 | 2 |
| 6 | Information | $1,225.8 | $7,863 | 4 | 7 |
| 7 | Real Estate | $1,104.7 | $10,254 | 3 | 8 |
| 8 | Legal Services | $1,044.2 | $12,641 | 2 | 10 |
| 9 | Other | $794.1 | $3,057 | 8 | 6 |
| 10 | Manufacturing | $674.9 | $6,701 | 6 | 9 |

[1] Employment numbers are from the NYS Department of Labor Unemployment Insurance Series (ES 202). The ES 202 data slightly understates NYC employment because it excludes employees not covered by unemployment insurance.

## NYC Taxes Directly Related to City Employment by Sub-Sector [1]
## Tax Year 2007

| | NAICS Sub-Sector | Sector | Total Taxes | Taxes per Worker | TPW Rank | Employment Rank |
|---|---|---|---|---|---|---|
| 1 | Securities & Commodities | Finance & Insurance | 5,077,989,346 | $27,071 | 1 | 6 |
| 2 | Professional/Technical | Professional/Technical/Managerial | 1,750,982,747 | $7,413 | 11 | 3 |
| 3 | Credit Agencies | Finance & Insurance | 1,476,380,780 | $15,563 | 3 | 13 |
| 4 | Real Estate | Real Estate | 1,104,724,790 | $10,254 | 6 | 12 |
| 5 | Health Care | Services | 1,102,448,620 | $2,834 | 38 | 2 |
| 6 | Legal Services | Legal Services | 1,044,228,438 | $12,641 | 5 | 16 |
| 7 | Local Government | Public Administration | 996,039,281 | $2,218 | 43 | 1 |
| 8 | Accommodations | Services | 686,876,400 | $2,988 | 37 | 4 |
| 9 | Business Services | Services | 657,891,281 | $3,386 | 32 | 5 |
| 10 | Other Retail Trade | Trade | 639,825,626 | $5,344 | 22 | 10 |
| 11 | Nondurable Wholesale | Trade | 500,606,403 | $5,879 | 19 | 15 |
| 12 | Construction | Others | 436,684,596 | $3,324 | 33 | 8 |
| 13 | Publishing | Information | 419,609,514 | $7,763 | 10 | 23 |
| 14 | Managerial | Professional/Technical/Managerial | 419,022,577 | $7,383 | 12 | 20 |
| 15 | Education | Services | 413,704,418 | $3,171 | 36 | 9 |
| 16 | Broadcasting/Telecomm | Information | 367,037,267 | $7,081 | 13 | 25 |
| 17 | Clothing & Accessories | Trade | 341,924,993 | $4,915 | 24 | 17 |
| 18 | Insurance | Finance & Insurance | 340,968,492 | $6,006 | 17 | 19 |
| 19 | Social Services | Services | 326,389,394 | $2,082 | 44 | 7 |
| 20 | Arts & Entertainment | Services | 313,360,294 | $5,962 | 18 | 24 |
| 21 | Durable Wholesale | Trade | 300,016,595 | $5,415 | 21 | 22 |
| 22 | Transportation | Others | 280,112,127 | $2,497 | 41 | 11 |
| 23 | Movies/Video/Sound | Information | 254,435,078 | $8,631 | 9 | 30 |
| 24 | Other Services | Services | 236,164,223 | $2,622 | 40 | 14 |
| 25 | Other Manufacturing | Manufacturing | 211,193,952 | $6,827 | 15 | 29 |
| 26 | Food & Beverage Stores | Trade | 196,919,276 | $3,232 | 34 | 18 |
| 27 | Textiles/Apparel/Leather | Manufacturing | 195,387,437 | $6,997 | 14 | 31 |
| 28 | Information Services Data | Information | 184,699,340 | $8,999 | 7 | 32 |
| 29 | Holding Companies | Professional/Techincal/Managerial | 159,527,695 | $24,966 | 2 | 39 |
| 30 | Federal Government | Public Administration | 150,057,745 | $2,667 | 39 | 21 |
| 31 | Personal Services | Services | 139,346,078 | $3,232 | 35 | 26 |
| 32 | General Merchandise | Trade | 114,078,399 | $3,599 | 29 | 28 |
| 33 | State Government | Public Administration | 92,684,946 | $2,239 | 42 | 27 |
| 34 | Repair & Maintenance | Services | 82,284,054 | $5,597 | 20 | 35 |
| 35 | Food & Beverage Mfg/Processing | Manufacturing | 78,681,707 | $5,155 | 23 | 34 |
| 36 | Utilities | Others | 77,333,339 | $4,764 | 25 | 33 |
| 37 | Printing | Manufacturing | 65,886,594 | $6,350 | 16 | 38 |
| 38 | Chemical & Allied Products | Manufacturing | 61,747,016 | $15,337 | 4 | 41 |
| 39 | Furniture & Home Furnishings | Trade | 48,727,166 | $4,367 | 28 | 37 |
| 40 | Museums | Services | 40,927,485 | $3,591 | 30 | 36 |
| 41 | Furniture & Related | Manufacturing | 19,895,345 | $4,536 | 27 | 40 |
| 42 | Electrical Equipment | Manufacturing | 18,407,064 | $8,744 | 8 | 43 |
| 43 | Wood/Paper | Manufacturing | 16,579,142 | $4,556 | 26 | 42 |
| 44 | Rubber & Miscellaneous Plastics | Manufacturing | 7,140,355 | $3,449 | 31 | 44 |

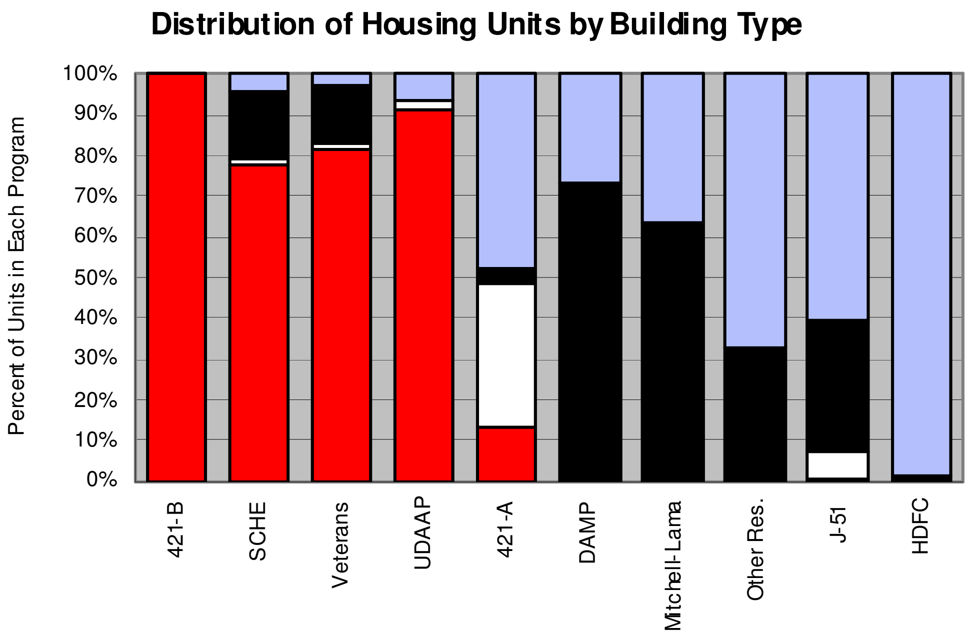
[1] Table includes the NAICS Industries Legal Services and Real Estate, which do not have sub-sectors, in order to provide a complete listing of economic sectors.

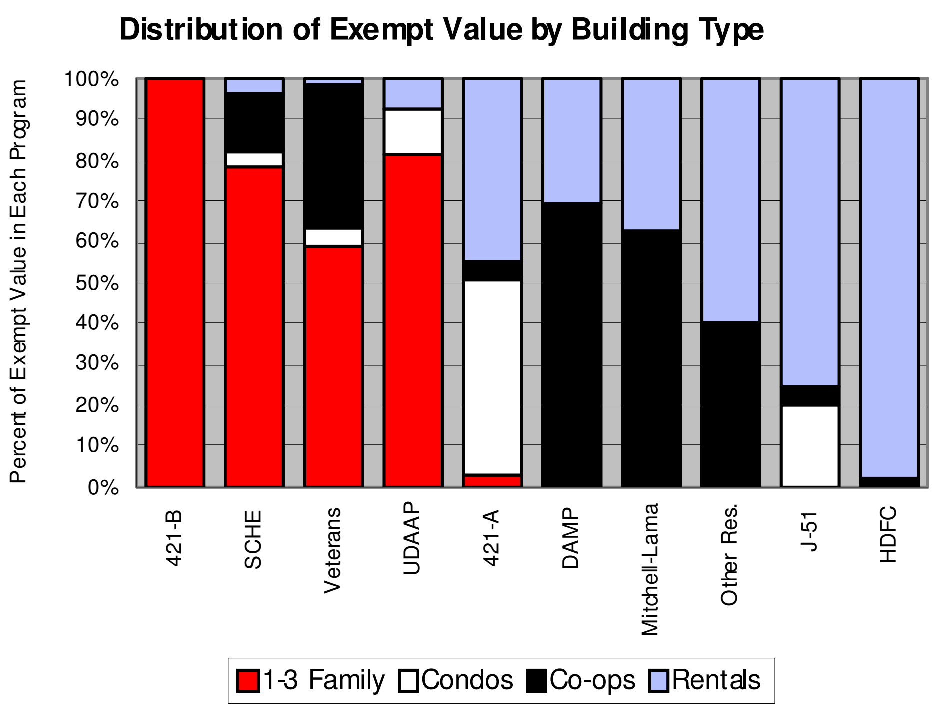
# APPENDIX IV

## REAL PROPERTY TAX EXPENDITURE STATISTICAL SUPPLEMENT

This appendix provides distributions of exemptions by program, borough and type of housing for FY 2011. Information on the number of housing units, the exempt assessed value, and the taxable assessed value is included. The number of exemptions presented in Part II of this report may not equal the number of properties presented in this appendix. For example, a single property may receive more than one J-51 exemption if the rehabilitation of the property consisted of separate improvements initiated at different times. Consequently, the data in Part II would account for two exemptions, while the statistical appendix would count one property.

**FISCAL YEAR 2011**



## Distribution of Exemptions by Borough and Property Type

**Fiscal Year 2011**

($ Millions)

**J-51**

| Exemption | | Citywide | Manhattan | Bronx | Brooklyn | Queens | Staten Island |
|---|---|---|---|---|---|---|---|
| 1-3 FAMILY | Number of Units | 329 | 30 | 47 | 246 | 6 | 0 |
| | Exempt AV | 1.49 | 0.19 | 0.16 | 1.10 | 0.05 | 0.00 |
| | Taxable AV | 0.89 | 0.09 | 0.09 | 0.71 | 0.00 | 0.00 |
| CONDOS | Number of Units | 17,579 | 851 | 12,349 | 4,042 | 337 | 0 |
| | Exempt AV | 236.44 | 41.34 | 42.08 | 141.82 | 11.21 | 0.00 |
| | Taxable AV | 161.95 | 14.41 | 91.32 | 55.21 | 1.01 | 0.00 |
| CO-OPS | Number of Units | 5,608 | 1,196 | 1,516 | 506 | 2,390 | 0 |
| | Exempt AV | 58.83 | 29.20 | 9.70 | 6.68 | 13.25 | 0.00 |
| | Taxable AV | 46.16 | 10.22 | 10.63 | 4.35 | 20.95 | 0.00 |
| RENTALS | Number of Units | 84,107 | 23,047 | 36,466 | 18,356 | 5,832 | 406 |
| | Exempt AV | 905.57 | 362.30 | 279.20 | 188.87 | 64.63 | 10.58 |
| | Taxable AV | 538.52 | 212.05 | 150.29 | 108.39 | 62.91 | 4.89 |
| MIXED USE | Number of Units | 212 | 21 | 0 | 191 | 0 | 0 |
| | Exempt AV | 6.07 | 0.53 | 0.00 | 5.54 | 0.00 | 0.00 |
| | Taxable AV | 10.43 | 1.32 | 0.00 | 9.11 | 0.00 | 0.00 |
| ALL | Number of Units | 107,835 | 25,145 | 50,378 | 23,341 | 8,565 | 406 |
| | Exempt AV | 1,208.41 | 433.56 | 331.14 | 344.00 | 89.13 | 10.58 |
| | Taxable AV | 757.94 | 238.09 | 252.33 | 177.77 | 84.86 | 4.89 |
| **Abatement** | | | | | | | |
| 1-3 FAMILY | Number of Units | 587 | 86 | 65 | 361 | 11 | 64 |
| | Total Abatement | 0.35 | 68,675 | 30,891 | 234,574 | 7,588 | 6,017 |
| CONDOS | Number of Units | 31,044 | 9,212 | 12,420 | 5,057 | 4,048 | 307 |
| | Total Abatement | 17.29 | 1,897,110 | 11,275,890 | 3,745,429 | 357,802 | 17,909 |
| CO-OPS | Number of Units | 226,891 | 70,261 | 34,416 | 40,007 | 81,721 | 486 |
| | Total Abatement | 22.31 | 7,835,607 | 3,643,749 | 3,720,551 | 7,074,290 | 33,360 |
| RENTALS | Number of Units | 343,854 | 91,607 | 83,324 | 94,671 | 69,175 | 5,077 |
| | Total Abatement | 55.36 | 18,623,759 | 16,681,959 | 14,396,481 | 4,886,774 | 771,094 |
| MIXED USE | Number of Units | 322 | 87 | 6 | 229 | 0 | 0 |
| | Total Abatement | 0.26 | 87,240 | 30,317 | 140,342 | 0 | 0 |
| ALL | Number of Units | 602,698 | 171,253 | 130,231 | 140,325 | 154,955 | 5,934 |
| | Total Abatement | 95.57 | 28.51 | 31.66 | 22.24 | 12.33 | 0.83 |
| **Total Number of Exemption and** | **Abatement Units** | 710,533 | 196,398 | 180,609 | 163,666 | 163,520 | 6,340 |

## Distribution of Exemptions by Borough and Property Type

**Fiscal Year 2011**

($ Millions)

**421-A**

| | | Citywide | Manhattan | Bronx | Brooklyn | Queens | Staten Island |
|---|---|---|---|---|---|---|---|
| 1-3 FAMILY | Number of Units | 16,637 | 39 | 3,270 | 7,414 | 5,819 | 95 |
| | Exempt AV | 172.32 | 0.49 | 27.02 | 78.77 | 64.89 | 1.15 |
| | Taxable AV | 51.46 | 0.04 | 7.50 | 22.35 | 21.31 | 0.26 |
| CONDOS | Number of Units | 43,110 | 20,891 | 946 | 15,357 | 5,859 | 57 |
| | Exempt AV | 3,063.61 | 2,060.32 | 44.66 | 731.51 | 224.41 | 2.71 |
| | Taxable AV | 879.46 | 803.81 | 1.32 | 52.60 | 21.61 | 0.13 |
| CO-OPS | Number of Units | 4,698 | 3,484 | 492 | 494 | 154 | 74 |
| | Exempt AV | 294.76 | 239.12 | 14.94 | 34.10 | 4.56 | 2.04 |
| | Taxable AV | 24.77 | 21.20 | 0.68 | 1.58 | 1.22 | 0.09 |
| MIXED USE | Number of Units | 590 | 25 | 257 | 125 | 104 | 79 |
| | Exempt AV | 448.10 | 322.59 | 19.76 | 49.88 | 51.39 | 4.48 |
| | Taxable AV | 369.80 | 352.29 | 0.49 | 4.88 | 12.10 | 0.05 |
| RENTALS | Number of Units | 59,232 | 30,190 | 8,991 | 9,958 | 9,467 | 626 |
| | Exempt AV | 2,898.71 | 2,042.71 | 151.17 | 348.21 | 348.93 | 7.68 |
| | Taxable AV | 678.15 | 591.63 | 9.10 | 37.95 | 37.92 | 1.55 |
| ALL | Number of Units | 124,267 | 54,629 | 13,956 | 33,348 | 21,403 | 931 |
| | Exempt AV | 6,877.50 | 4,665.24 | 257.55 | 1,242.47 | 694.18 | 18.06 |
| | Taxable AV | 2,003.65 | 1,768.97 | 19.09 | 119.36 | 94.15 | 2.08 |

## Distribution of Exemptions by Borough and Property Type

**Fiscal Year 2011**

($ Millions)

**421-B**

| | | Citywide | Manhattan | Bronx | Brooklyn | Queens | Staten Island |
|---|---|---|---|---|---|---|---|
| 1-3 FAMILY | Number of Units | 18,488 | 25 | 1,660 | 4,510 | 4,707 | 7,586 |
| | Exempt AV | 119.60 | 0.63 | 9.03 | 18.29 | 31.81 | 59.83 |
| | Taxable AV | 211.32 | 2.57 | 16.86 | 32.37 | 60.24 | 99.29 |
| CONDOS | Number of Units | 4 | 0 | 0 | 4 | 0 | 0 |
| | Exempt AV | 0.10 | 0.00 | 0.00 | 0.10 | 0.00 | 0.00 |
| | Taxable AV | 0.25 | 0.00 | 0.00 | 0.25 | 0.00 | 0.00 |
| MIXED USE | Number of Units | 10 | 0 | 0 | 5 | 0 | 5 |
| | Exempt AV | 0.07 | 0.00 | 0.00 | 0.02 | 0.00 | 0.04 |
| | Taxable AV | 0.13 | 0.00 | 0.00 | 0.03 | 0.00 | 0.10 |
| RENTALS | Number of Units | 14 | 0 | 0 | 10 | 0 | 4 |
| | Exempt AV | 0.04 | 0.00 | 0.00 | 0.03 | 0.00 | 0.01 |
| | Taxable AV | 0.06 | 0.00 | 0.00 | 0.04 | 0.00 | 0.02 |
| ALL | Number of Units | 18,516 | 25 | 1,660 | 4,529 | 4,707 | 7,595 |
| | Exempt AV | 119.80 | 0.63 | 9.03 | 18.43 | 31.81 | 59.88 |
| | Taxable AV | 211.77 | 2.57 | 16.86 | 32.69 | 60.24 | 99.40 |

## Distribution of Exemptions by Borough and Property Type

**Fiscal Year 2011**

($ Millions)

**Division of Alternative Management Programs**

| | | Citywide | Manhattan | Bronx | Brooklyn | Queens | Staten Island |
|---|---|---|---|---|---|---|---|
| 1-3 FAMILY | Number of Units | 17 | 8 | 3 | 0 | 6 | 0 |
| | Exempt AV | 0.06 | 0.04 | 0.00 | 0.00 | 0.01 | 0.00 |
| | Taxable AV | 0.07 | 0.06 | 0.01 | 0.00 | 0.00 | 0.00 |
| CO-OPS | Number of Units | 15,297 | 8,437 | 3,657 | 3,144 | 59 | 0 |
| | Exempt AV | 95.77 | 67.77 | 10.96 | 16.58 | 0.46 | 0.00 |
| | Taxable AV | 117.80 | 66.92 | 26.86 | 23.54 | 0.47 | 0.00 |
| RENTALS | Number of Units | 5,607 | 2,595 | 2,348 | 658 | 6 | 0 |
| | Exempt AV | 41.69 | 32.53 | 5.50 | 3.62 | 0.05 | 0.00 |
| | Taxable AV | 38.86 | 20.14 | 13.60 | 5.07 | 0.05 | 0.00 |
| MIXED USE | Number of Units | 0 | 0 | 0 | 0 | 0 | 0 |
| | Exempt AV | 0.13 | 0.13 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Taxable AV | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| ALL | Number of Units | 20,921 | 11,040 | 6,008 | 3,802 | 71 | 0 |
| | Exempt AV | 137.64 | 100.46 | 16.46 | 20.20 | 0.52 | 0.00 |
| | Taxable AV | 156.72 | 87.12 | 40.46 | 28.62 | 0.52 | 0.00 |

## Distribution of Exemptions by Borough and Property Type

**Fiscal Year 2011**

($ Millions)

**Senior Citizen Homeowner**

| | | Citywide | Manhattan | Bronx | Brooklyn | Queens | Staten Island |
|---|---|---|---|---|---|---|---|
| 1-3 FAMILY | Number of Units | 65,259 | 174 | 7,625 | 21,150 | 28,349 | 7,961 |
| | Exempt AV | 436.06 | 2.43 | 38.16 | 128.95 | 204.66 | 61.87 |
| | Taxable AV | 356.49 | 2.17 | 35.22 | 97.81 | 175.50 | 45.78 |
| CONDOS | Number of Units | 1,281 | 379 | 156 | 109 | 514 | 123 |
| | Exempt AV | 21.86 | 12.87 | 0.72 | 1.23 | 6.13 | 0.92 |
| | Taxable AV | 18.27 | 12.51 | 0.15 | 0.85 | 4.32 | 0.44 |
| CO-OPS | Number of Units | 13,946 | 11,996 | 102 | 50 | 1,798 | 0 |
| | Exempt AV | 81.10 | 29.45 | 3.38 | 16.60 | 31.19 | 0.47 |
| | Taxable AV | 7,134.87 | 4,691.61 | 269.16 | 646.18 | 1,513.11 | 14.80 |
| MIXED USE | Number of Units | 486 | 6 | 27 | 278 | 154 | 21 |
| | Exempt AV | 30.16 | 26.60 | 0.19 | 1.91 | 1.32 | 0.14 |
| | Taxable AV | 29.79 | 26.60 | 0.14 | 1.72 | 1.24 | 0.09 |
| RENTALS | Number of Units | 3,387 | 230 | 331 | 2,021 | 751 | 54 |
| | Exempt AV | 20.56 | 1.54 | 2.07 | 11.31 | 5.21 | 0.43 |
| | Taxable AV | 21.97 | 2.21 | 2.16 | 11.84 | 5.28 | 0.48 |
| ALL | Number of Units | 84,359 | 12,785 | 8,241 | 23,608 | 31,566 | 8,159 |
| | Exempt AV | 589.75 | 72.89 | 44.52 | 159.99 | 248.51 | 63.83 |
| | Taxable AV | 7,561.39 | 4,735.11 | 306.84 | 758.40 | 1,699.45 | 61.60 |

## Distribution of Exemptions by Borough and Property Type

**Fiscal Year 2011**

($ Millions)

**Veterans**

| | | Citywide | Manhattan | Bronx | Brooklyn | Queens | Staten Island |
|---|---|---|---|---|---|---|---|
| 1-3 FAMILY | Number of Units | 83,345 | 335 | 10,336 | 18,868 | 38,247 | 15,559 |
| | Exempt AV | 208.38 | 0.86 | 16.37 | 47.60 | 90.35 | 53.22 |
| | Taxable AV | 847.56 | 18.52 | 80.79 | 172.96 | 399.87 | 175.42 |
| CONDOS | Number of Units | 1,319 | 630 | 94 | 60 | 368 | 167 |
| | Exempt AV | 14.41 | 10.95 | 0.51 | 0.35 | 2.00 | 0.61 |
| | Taxable AV | 58.96 | 49.40 | 1.32 | 1.10 | 5.80 | 1.35 |
| CO-OPS | Number of Units | 14,733 | 4,763 | 880 | 2,040 | 6,922 | 128 |
| | Exempt AV | 125.99 | 80.64 | 3.00 | 9.50 | 32.50 | 0.36 |
| | Taxable AV | 23,046.82 | 17,546.99 | 621.19 | 1,417.55 | 3,421.46 | 39.64 |
| MIXED USE | Number of Units | 407 | 37 | 24 | 196 | 115 | 35 |
| | Exempt AV | 1.21 | 0.14 | 0.06 | 0.46 | 0.44 | 0.11 |
| | Taxable AV | 10.69 | 3.87 | 0.36 | 3.69 | 2.21 | 0.56 |
| RENTALS | Number of Units | 2,766 | 340 | 274 | 1,616 | 469 | 67 |
| | Exempt AV | 4.89 | 0.92 | 0.47 | 2.40 | 0.94 | 0.16 |
| | Taxable AV | 38.55 | 13.71 | 2.82 | 16.24 | 5.17 | 0.61 |
| ALL | Number of Units | 102,570 | 6,105 | 11,608 | 22,780 | 46,121 | 15,956 |
| | Exempt AV | 354.88 | 93.50 | 20.40 | 60.30 | 126.22 | 54.46 |
| | Taxable AV | 24,002.57 | 17,632.47 | 706.48 | 1,611.53 | 3,834.51 | 217.58 |

## Distribution of Exemptions by Borough and Property Type

**Fiscal Year 2011**

($ Millions)

**Limited-Profit/Mitchell-Lama**

| | | Citywide | Manhattan | Bronx | Brooklyn | Queens | Staten Island |
|---|---|---|---|---|---|---|---|
| | | | | 0.00 | | | |
| CO-OPS | Number of Units | 61,837 | 16,143 | 23,912 | 10,847 | 10,935 | 0 |
| | Exempt AV | 985.96 | 346.18 | 292.26 | 186.74 | 160.73 | 0.06 |
| | Taxable AV | 1.08 | 0.49 | 0.57 | 0.00 | 0.01 | 0.00 |
| RENTALS | Number of Units | 35,905 | 9,199 | 8,997 | 13,585 | 3,134 | 990 |
| | Exempt AV | 586.70 | 254.86 | 106.81 | 183.54 | 31.14 | 10.35 |
| | Taxable AV | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| ALL | Number of Units | 97,742 | 25,342 | 32,909 | 24,432 | 14,069 | 990 |
| | Exempt AV | 1,572.66 | 601.03 | 399.07 | 370.28 | 191.87 | 10.41 |
| | Taxable AV | 1.08 | 0.49 | 0.57 | 0.00 | 0.01 | 0.00 |

## Distribution of Exemptions by Borough and Property Type

**Fiscal Year 2011**

($ Millions)

**Housing Development Fund Cos.**

| | | Citywide | Manhattan | Bronx | Brooklyn | Queens | Staten Island |
|---|---|---|---|---|---|---|---|
| 1-3 FAMILY | Number of Units | 4 | 0 | 3 | 1 | 0 | 0 |
| | Exempt AV | 0.25 | 0.00 | 0.05 | 0.20 | 0.00 | 0.00 |
| | Taxable AV | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| CO-OPS | Number of Units | 252 | 186 | 0 | 66 | 0 | 0 |
| | Exempt AV | 4.90 | 3.71 | 0.00 | 1.19 | 0.00 | 0.00 |
| | Taxable AV | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| MIXED USE | Number of Units | 2,804 | 556 | 980 | 730 | 359 | 179 |
| | Exempt AV | 211.89 | 81.01 | 54.00 | 49.91 | 19.70 | 7.27 |
| | Taxable AV | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| RENTALS | Number of Units | 15,987 | 3,353 | 4,632 | 6,359 | 1,452 | 191 |
| | Exempt AV | 224.81 | 71.49 | 56.04 | 73.40 | 21.42 | 2.46 |
| | Taxable AV | 0.40 | 0.00 | 0.00 | 0.09 | 0.00 | 0.32 |
| ALL | Number of Units | 19,047 | 4,095 | 5,615 | 7,156 | 1,811 | 370 |
| | Exempt AV | 441.86 | 156.21 | 110.09 | 124.70 | 41.12 | 9.73 |
| | Taxable AV | 0.40 | 0.00 | 0.00 | 0.09 | 0.00 | 0.32 |

## Distribution of Exemptions by Borough and Property Type

**Fiscal Year 2011**

($ Millions)

**Urban Dev. Action Area Program**

| | | Citywide | Manhattan | Bronx | Brooklyn | Queens | Staten Island |
|---|---|---|---|---|---|---|---|
| 1-3 FAMILY | Number of Units | 19,096 | 1,624 | 5,264 | 9,813 | 2,351 | 44 |
| | Exempt AV | 143.69 | 14.22 | 35.49 | 72.66 | 21.05 | 0.27 |
| | Taxable AV | 62.69 | 5.86 | 13.91 | 33.11 | 9.66 | 0.15 |
| CONDOS | Number of Units | 523 | 240 | 8 | 20 | 255 | 0 |
| | Exempt AV | 19.41 | 9.09 | 0.15 | 0.88 | 9.29 | 0.00 |
| | Taxable AV | 4.23 | 3.35 | 0.00 | 0.07 | 0.81 | 0.00 |
| CO-OPS | Number of Units | 31 | 0 | 31 | 0 | 0 | 0 |
| | Exempt AV | 0.23 | 0.00 | 0.23 | 0.00 | 0.00 | 0.00 |
| | Taxable AV | 0.03 | 0.00 | 0.03 | 0.00 | 0.00 | 0.00 |
| RENTALS | Number of Units | 1,352 | 506 | 127 | 697 | 22 | 0 |
| | Exempt AV | 13.18 | 5.68 | 1.11 | 5.94 | 0.45 | 0.00 |
| | Taxable AV | 7.27 | 3.82 | 0.22 | 2.95 | 0.28 | 0.00 |
| MIXED USE | Number of Units | 228 | 0 | 8 | 188 | 32 | 0 |
| | Exempt AV | 3.87 | 0.77 | 0.25 | 2.39 | 0.46 | 0.00 |
| | Taxable AV | 1.28 | 0.29 | 0.27 | 0.56 | 0.16 | 0.00 |
| ALL | Number of Units | 21,230 | 2,370 | 5,438 | 10,718 | 2,660 | 44 |
| | Exempt AV | 180.38 | 29.76 | 37.24 | 81.87 | 31.24 | 0.27 |
| | Taxable AV | 75.49 | 13.31 | 14.43 | 36.69 | 10.92 | 0.15 |

## Distribution of Exemptions by Borough and Property Type

**Fiscal Year 2011**

($ Millions)

| Other Residential | | Citywide | Manhattan | Bronx | Brooklyn | Queens | Staten Island |
|---|---|---|---|---|---|---|---|
| 1-3 FAMILY | Number of Units | 5 | 0 | 1 | 4 | 0 | 0 |
| | Exempt AV | 0.10 | 0.00 | 0.06 | 0.04 | 0.00 | 0.00 |
| | Taxable AV | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| CO-OPS | Number of Units | 12,752 | 6,189 | 1,576 | 2,581 | 2,406 | 0 |
| | Exempt AV | 344.93 | 207.39 | 17.57 | 62.30 | 57.67 | 0.00 |
| | Taxable AV | 4.16 | 4.09 | 0.00 | 0.00 | 0.07 | 0.00 |
| RENTALS | Number of Units | 26,468 | 7,561 | 9,293 | 6,161 | 3,208 | 245 |
| | Exempt AV | 506.81 | 201.82 | 135.36 | 102.05 | 57.93 | 9.65 |
| | Taxable AV | 8.18 | 0.57 | 3.82 | 3.79 | 0.00 | 0.00 |
| MIXED USE | Number of Units | 463 | 203 | 91 | 168 | 1 | 0 |
| | Exempt AV | 148.19 | 61.79 | 37.48 | 40.98 | 7.94 | 0.00 |
| | Taxable AV | 1.00 | 0.00 | 0.00 | 1.00 | 0.00 | 0.00 |
| ALL | Number of Units | 39,688 | 13,953 | 10,961 | 8,914 | 5,615 | 245 |
| | Exempt AV | 1,000.03 | 471.00 | 190.47 | 205.37 | 123.54 | 9.65 |
| | Taxable AV | 13.34 | 4.67 | 3.82 | 4.79 | 0.07 | 0.00 |

Note:
"Other Residential" includes Limited-Dividend Housing Companies, Redevelopment Companies and Miscellaneous State Assisted Housing programs.

## Distribution of Exemptions by Borough and Property Type

**Fiscal Year 2011**

($ Millions)

**NYC Housing Authority (Residential Only)**

| | | Citywide | Manhattan | Bronx | Brooklyn | Queens | Staten Island |
|---|---|---|---|---|---|---|---|
| 1-3 FAMILY | Number of Units | 624 | 0 | 3 | 346 | 275 | 0 |
| | Exempt AV | 6.66 | 0.00 | 0.27 | 2.70 | 3.70 | 0.00 |
| | Taxable AV | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| CO-OPS | Number of Units | 1,057 | 317 | 224 | 300 | 216 | 0 |
| | Exempt AV | 11.07 | 0.07 | 3.91 | 5.27 | 1.82 | 0.00 |
| | Taxable AV | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| RENTALS | Number of Units | 188,311 | 56,090 | 46,173 | 61,631 | 20,462 | 3,955 |
| | Exempt AV | 2,587.45 | 1,040.88 | 527.37 | 703.96 | 272.28 | 42.95 |
| | Taxable AV | 0.34 | 0.33 | 0.01 | 0.00 | 0.00 | 0.00 |
| ALL | Number of Units | 189,992 | 56,407 | 46,400 | 62,277 | 20,953 | 3,955 |
| | Exempt AV | 2,605.18 | 1,040.96 | 531.55 | 711.92 | 277.80 | 42.95 |
| | Taxable AV | 0.34 | 0.33 | 0.01 | 0.00 | 0.00 | 0.00 |

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## INDEX

Key to Tax Abbreviations:

| | |
|---|---|
| BCT | Banking Corporation Tax |
| CRT | Commercial Rent Tax |
| GCT | General Corporation Tax |
| MRT | Mortgage Recording Tax |
| PIT | Personal Income Tax |
| RPT | Real Property Tax |
| RPTT | Real Property Transfer Tax |
| STX | Sales Tax |
| UBT | Unincorporated Business Tax |
| UTX | Utility Tax |


**Tax Expenditure Program** **Page**

Air Pollution Control Facilities Deduction (GCT, UBT) ...................................................... 87

Airline Food and Drink for In-Flight Consumption (STX).................................................. 105

Aviation Fuel Sold to Airlines (STX) .................................................................................. 103

Battery Park City Authority (RPT) ......................................................................................... 63

Biotechnology Credit (GCT, UBT) ........................................................................................ 96

Business and Investment Capital Tax Limitation (GCT) ...................................................... 69

Cable Television Services (STX) ......................................................................................... 104

Child and Dependent Care Services Credit (PIT) ............................................................... 116

Chrysler Building (RPT) ........................................................................................................ 42

Class Two Cooperatives and Condominiums Partial Tax Abatement (RPT) ......................... 37

Commercial Expansion Program: Special Garment Center District and Designated Areas
Outside of Manhattan's Central Business District
- Real Property Tax Abatement (RPT)............................................................................. 24
- Relocation and Employment Assistance Program (BCT, GCT, UBT, UTX)............... 79
- Industrial and Commercial Incentive Program/
  - Industrial and Commercial Abatement Program (RPT).......................................... 38

Commercial Revitalization Program: Lower Manhattan
- Real Property Tax Abatement (RPT)............................................................................. 22
- Commercial Rent Tax Abatement (CRT, UTX) ........................................................... 73
- Energy Cost Savings Program (UTX)............................................................................ 73
- Conversion of Real Property to Residential Use (RPT)................................................ 26
- Conversion of Real Property to Mixed Use (RPT) ....................................................... 27

Cooperative Housing Corporation Four-Tenths Mill Tax Rate on Capital (GCT) ................ 77

Credit Card Interest (BCT) ..................................................................................................... 91

| Tax Expenditure Program | Page |
|---|---|


Credit Line Mortgages (MRT) .......... 88
Disabled Person Rent Increase Exemption (RPT) .......... 32
Division of Alternative Management Programs (RPT) .......... 19
Double-Weighting of Manufacturers' Receipts Factor (GCT, UBT) .......... 78
Dramatic or Musical Arts Performance Exemption (CRT) .......... 83
Earned Income Credit (PIT) .......... 112
Economic Development Corporation (RPT) .......... 58
80/20 Allocation Rule for Security/Commodity Brokers (GCT, UBT) .......... 92
Employment Opportunity Relocation Costs Credit (GCT, UBT) .......... 84
Energy Cost Savings Program Credit (UTX) .......... 76
Film Production Credit (GCT/UBT) .......... 75
Foreign Bank Alternative Tax on Capital Stock (BCT) .......... 71
420-c, Low Income Housing Exemption (RPT) .......... 28
421-a, New Multiple Dwellings (RPT) .......... 15
421-b, New Private Homes (RPT) .......... 17
"Green Roof" Abatement (RPT) .......... 43
Household Credit (PIT) .......... 113
Housing Development Fund Companies (RPT) .......... 50
Industrial and Commercial Abatement Program (RPT) .......... 38
Industrial and Commercial Incentive Board (RPT) .......... 38
Industrial Business Zone Credit (GCT,UBT) .......... 84
Industrial Development Agency (RPT) .......... 57
Insurance Corporation Non-Taxation (GCT) .......... 70
International Banking Facility Deduction (BCT) .......... 80
Interstate and International Telephone and Telegraph (STX) .......... 103
J-51, Residential Alterations and Rehabilitation (RPT) .......... 13
Limited Profit Housing Companies (RPT) .......... 47
Limited Dividend Housing Companies (RPT) .......... 48
Low-Income Disabled Homeowners (RPT) .......... 35
Major League Sports Facilities, Madison Square Garden (RPT) .......... 41
Manufacturing and Research & Development Property Depreciation (GCT, UBT) .......... 85
Miscellaneous State-Assisted Housing (RPT) .......... 54

| Tax Expenditure Program | Page |
|---|---|

Newspapers and Periodicals (STX) .......................................................................... 105

Newspaper and Periodical Publishers' Advertising Sales Receipts (GCT, UBT) ................. 93

New York City Housing Authority (RPT) ............................................................................. 59

New York Power Authority (RPT) ......................................................................................... 62

Owner, Lessee or Fiduciary that Holds, Leases or Manages Real Property (UBT) ............... 89

Physically Disabled Crime Victims (RPT)............................................................................. 36

Purchase and Sale of Property or
Financial Instruments for Taxpayer’s Own Account (UBT) .......................................... 90

Radio/TV Commercial Receipts (GCT, UBT) ....................................................................... 94

Real Estate Investment Trusts (GCT, RPTT) ......................................................................... 81

Real Property Tax Escalation Credit (GCT, UBT) ................................................................. 86

Redevelopment Companies (RPT) ......................................................................................... 49

Regulated Investment Company Management Fees (BCT, GCT, UBT) .............................. 72

Rehabilitation of Single-Room Occupancy Housing (RPT) ................................................. 29

Relocation and Employment Assistance Program (REAP) (BCT, GCT, UBT, UTX) .......... 79

School Bus Operation Deduction (GCT) ................................................................................ 82

Senior Citizen Homeowner Exemption (RPT) ....................................................................... 30

Senior Citizen Rent Increase Exemption (RPT)...................................................................... 32

Small Corporation Exemption From Alternative Taxes (GCT) ............................................ 95

Solar Electric Generating System Abatement (RPT) ........................................................... 44

Teleport Center, Port Authority of NY and NJ (RPT) .......................................................... 64

Trust for Cultural Resources of the City of NY, Museum of Modern Art (RPT).................. 65

Unincorporated Business Tax Payments Credit (PIT) ........................................................ 114

Urban Development Action Area Projects (RPT) ................................................................. 52

Urban Development Corporation (RPT) ................................................................................ 61

Veterans Exemptions (RPT) ................................................................................................... 33

Water Delivered through Mains or Pipes (STX) ................................................................. 104