



## **Sales Tax Exemption for Water and Sewer Service Line Protection Programs Sold to Owners of Residential Property**

The purpose of this memorandum is to explain newly enacted legislation that provides an exemption from state and local sales tax for receipts from sales of and fees associated with water and sewer service line protection programs sold to owners of residential property.

Chapter 400 of the Laws of 2013 amended the Tax Law to provide an exemption from sales tax for receipts from sales of and fees associated with water and sewer service line protection programs sold to owners of residential property. The exemption applies to state and local sales taxes, including the 3/8% tax imposed by the state in the Metropolitan Commuter Transportation District.

Water and sewer service line protection programs cover a homeowner's costs associated with repairing damaged water and sewer lines that run from the homeowner's home to the connection to the municipal service line. The maintenance of the lines that run from the home to the connection to the municipal service line is the homeowner's responsibility.

The exemption provided by this new law applies to receipts and fees associated with water and sewer line protection programs that are in effect and provide coverage on or after October 21, 2013. If a water and sewer line protection program is in effect and provides coverage both before and after October 21, 2013, the new exemption applies to the receipts and fees attributable to the coverage of the program for the period occurring on or after October 21, 2013.

(Tax Law section 1115(ii))

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