

**New York State Department of Taxation and Finance  
Taxpayer Services Division  
Technical Services Bureau**

TSB-H-81 (57)I  
Income Tax  
April 24, 1981

STATE OF NEW YORK  
STATE TAX COMMISSION

ADVISORY OPINION

PETITION NO. I801106A

On November 6, 1980 a Petition for Advisory Opinion was received from Richard H. Roberts, 6 Wood Gate, Pittsford, New York 14534.

The issue raised is whether the investment credit provided for under the Personal Income Tax imposed under Article 22 of the Tax Law is applicable to the purchase of certain equipment used in the manufacture of educational video tapes.

Image Makers of Pittsford is a new small business owned by Petitioner. Image Makers of Pittsford produces educational video tapes for industrial and commercial use. Image Makers of Pittsford takes blank tapes and uses electronic equipment and machinery to place visual and audio images on the tapes. Additional equipment is used to edit the results and duplicate the tapes for distribution. The electronic equipment purchased consists of a broadcast quality color TV Camera, editing recorders, production studio switcher, sync and test signal generator, audio mixing console, tektronix color picture monitor, tektronix waveform monitor, character generator, dynasciences/spectra-vision JBT-104A backspace editor-programmer, video signal processor, pulse and video distribution amplifier, and pneumatic camera pedestal and cam head. All of these items have a useful life in excess of four years.

Section 606(a)(2) of the Tax Law provides as follows: "A credit shall be allowed under this subsection with respect to tangible personal property and other tangible property, including buildings and structural components of buildings, which are depreciable pursuant to section one hundred sixty-seven of the internal revenue code, have a useful life of four years or more, are acquired by purchase as defined in section one hundred seventy-nine (d) of the internal revenue code, have a situs in this state and are principally used by the taxpayer in the production of goods by manufacturing, processing, assembling, refining, mining, extracting, farming, agriculture, horticulture, floriculture, viticulture or commercial fishing. For purposes of this paragraph, manufacturing shall mean the process of working raw materials into wares suitable for use or which gives new shapes, new quality or new combinations to matter which already has gone through some artificial process by the use of machinery, tools, appliances and other similar equipment .... "

The operations described above constitute "manufacturing," within the meaning and intent of section 606(a)(2) of the Tax Law. Further, the machinery and equipment purchased and used by Petitioner in such processes satisfy the criteria set forth in such statutory provision. Accordingly, the investment credit provided for under Article 22 of the Tax Law is applicable with respect to such property where it is principally used in the described processes.

DATED: April 7, 1981

s/LOUIS ETLINGER  
Deputy Director  
Technical Services Bureau