



Summary of Changes to Existing Tax Credits Enacted as Part of the 2016-2017 New York State Budget

This memorandum contains a summary of changes to existing tax credits available under Article 9-A (corporate franchise tax), Article 22 (personal income tax), and Article 33 (insurance franchise tax) that were enacted as part of the 2016-2017 New York State budget (Chapter 60 of the Laws of 2016).

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For information on other tax provisions contained in Chapter 60 of the Laws of 2016, see the [Summary of Tax Provisions in SFY 2016-17 Budget](#).

Alcoholic beverage production credit (Articles 9-A and 22)

Part V of Chapter 60 of the Laws of 2016 amended the Tax Law to:

- expand the former beer production credit to include wine, liquor, and cider produced in New York State, and
- to rename the credit the alcoholic beverage production credit.

Taxpayers may claim the expanded credit in a tax year that begins on or after January 1, 2016.

For more information, see [TSB-M-16\(5\)C, \(3\)I](#), *Alcoholic Beverage Production Credit (formerly the beer production credit)* and [TSB-M-12\(8\)C, \(7\)I](#), *Beer Production Credit*.

(Tax Law sections 37, 210-B(39), 606(i)(1)(B)(xxxiv), and 606(uu))

Clean heating fuel credit (Articles 9-A and 22)

Part N of Chapter 60 of the Laws of 2016 amended the Tax Law to extend the clean heating fuel credit to bioheat purchased before January 1, 2020. Under previous law, the credit was due to expire for bioheat purchased on or after January 1, 2017.

Amendments to the Tax Law also modified the credit to provide that purchases of bioheat made on or after January 1, 2017, will not qualify for the credit unless the bioheat purchased contains at least 6% biodiesel per gallon of bioheat. (Note: The percentage of biodiesel included in the bioheat is the number preceded by the letter "B" in the bioheat designation. For example, bioheat designated B6 contains 6% biodiesel, bioheat designated B20 contains 20% biodiesel, etc.)

For more information about this credit, see:

- [TSB-M-06\(4\)C, \(6\)I](#), *Home Heating System Credit and the Clean Heating Fuel Credit*
- [TSB-M-07\(3\)C](#), *Summary of Corporation Tax Legislative Changes Enacted in 2006*
- [TSB-M-08\(5\)C, \(1\)I](#), *Clean Heating Fuel Credit*
- [TSB-M-12\(9\)I](#), *Extension of the Clean Heating Fuel Credit*
- [TSB-M-11\(11\)C](#), *Supplemental Summary of Corporation Tax Legislative Changes Enacted in 2011*
- [TSB-M-13\(1\)I](#), *Supplemental Summary of Personal Income Tax Legislative Changes Enacted in 2012*

(Tax Law sections 210-B(25)(a) and 606(mm)(1))

Economic transformation and facility redevelopment program tax credit (Articles 9-A, 22, and 33)

The Economic Transformation and Facility Redevelopment Program provides tax incentives to businesses to stimulate redevelopment in economic transformation areas. The program is administered by Empire State Development (ESD).

Part QQ of Chapter 60 of the Laws of 2016 amended section 35 of the Tax Law with regard to the investment tax credit component of the economic transformation and facility redevelopment program tax credit. Owners of closed psychiatric facilities (as described on page 3), who meet all of the requirements to claim the credit, are allowed to include in its cost or other basis of the qualified investment at the closed facility, certain demolition costs incurred at the closed facility. These demolition costs are limited to the following:

- asbestos removal costs,
- rental of demolition equipment,
- personnel costs to operate the demolition equipment,
- costs to remove and dispose of demolition debris, and
- the cost of any permits, licenses, and insurance necessary for the demolition.

Part QQ also amended Article 18 of the Economic Development Law to include in the definition of a *closed facility*, a psychiatric facility that was:

- previously owned by the state,
- operated under section 7.17 of the Mental Hygiene Law, and
- located within the Metropolitan Commuter Transportation District, but outside of New York City.

In addition, it amended the definition of *participant*, with regard to closed psychiatric facilities, to waive the requirement that a business entity be a new business to participate in the program.

Prospective participants that will operate in a closed psychiatric facility must have submitted a completed application to ESD by September 1, 2016. For more information, visit the ESD website (www.esd.ny.gov).

For more information about this credit, see:

- [TSB-M-11\(6\)C](#), *Summary of Budget Bill Corporation Tax Changes Enacted in 2011*
- [TSB-M-11\(6\)I](#), *Summary of Budget Bill Personal Income Tax Changes Enacted in 2011*

(Economic Development Law sections 400(4), 400(10), 400(11), and 402(1); Tax Law section 35(h)(1))

Empire State commercial production credit (Articles 9-A and 22)

Part J of Chapter 60 of the Laws of 2016 extended the Empire State commercial production credit through tax years beginning before January 1, 2019. Under previous law, the credit was due to expire for tax years beginning on or after January 1, 2017.

For more information about this credit, see:

- [TSB-M-07\(3\)C](#), *Summary of Corporation Tax Legislative Changes Enacted in 2006*
- [TSB-M-07\(3\)I](#), *Summary of Personal Income Tax Legislative Changes Enacted in 2006*
- [TSB-M-10\(1\)C](#), *Supplemental Summary of Corporation Tax Legislative Changes Enacted in 2009*
- [TSB-M-12\(7\)C](#), *Summary of Budget Bill Corporation Tax Changes Enacted in 2012*
- [TSB-M-12\(6\)I](#), *Summary of Budget Bill Personal Income Tax Changes Enacted in 2012*
- [TSB-M-15\(1\)C](#), *Summary of Budget Bill Corporation Tax Changes Enacted in 2014*
- [TSB-M-15\(1\)I](#), *Summary of Budget Bill Personal Income Tax Changes Enacted in 2014*
- [Summary of Tax Provisions in SFY 2015-16 Budget](#)

(Tax Law sections 28(a)(1), 210-B(23)(c), and 606(jj)(1))

Excelsior jobs program tax credit (Articles 9-A, 22, and 33)

The Excelsior Jobs Program provides tax incentives to firms in targeted industries such as biotechnology, pharmaceutical, high-tech, clean-technology, green technology, financial services, agriculture and manufacturing. Firms in these industries that create and maintain new jobs or make a significant financial investment are eligible for the excelsior jobs program tax credit. The program is administered by Empire State Development (ESD).

Part O of Chapter 60 of the Laws of 2016 amended the Economic Development Law to allow 100% of the amount of excelsior tax credits not awarded by ESD at the end of 2024 to be carried forward and awarded by ESD in tax years 2025 and 2026. Part O also amended the law to reduce the annual credit allocations beginning in 2016. For more information on the Excelsior Jobs Program, visit the ESD website (www.esd.ny.gov).

Part O also amended section 31 of the Tax Law to provide that no tax credits be allowed under the Excelsior Jobs Program for tax years beginning on or after January 1, 2027.

For more information about this credit, see:

- [TSB-M-10\(7\)C](#), *Summary of Budget Bill Corporation Tax Changes Enacted in 2010*
- [TSB-M-10\(13\)I](#), *Summary of Budget Bill Personal Income Tax Changes Enacted in 2010*
- [TSB-M-11\(6\)C](#), *Summary of Budget Bill Corporation Tax Changes Enacted in 2011*
- [TSB-M-11\(6\)I](#), *Summary of Budget Bill Personal Income Tax Changes Enacted in 2011*
- [TSB-M-14\(4\)C](#), *Supplemental Summary of Corporation Tax Legislation Enacted in 2013*
- [TSB-M-14\(6\)I](#), *Supplemental Summary of Personal Income Tax Legislation Enacted in 2013*
- [Summary of Tax Provisions in SFY 2015-16 Budget](#)

(Economic Development Law sections 354(5) and 359; Tax Law section 31(b))

Hire a veteran credit (Articles 9-A, 22, and 33)

Part I of Chapter 60 of the Laws of 2016 extended the hire a veteran credit through tax years beginning before January 1, 2019. Under previous law, the credit was due to expire for tax years beginning on or after January 1, 2017.

For more information about this credit, see:

- [TSB-M-13\(9\)C, \(8\)I](#), *Hire a Veteran Credit*
- [TSB-M-14\(2\)C](#), *Summary of Budget Bill Corporation Tax Changes Enacted in 2013 - Effective for Tax Years After 2013*
- [TSB-M-14\(2\)I](#), *Summary of Budget Bill Personal Income Tax Changes Enacted in 2013 - Effective for Tax Years Beginning After 2013*

(Tax Law sections 210-B(29)(a), 210-B(29)(b), 606(a-2)(1), 606(a-2)(2), 1511(g-1)(1), and 1511(g-1)(2))

Low-income housing credit (Articles 9-A, 22, and 33)

The New York State Low-Income Housing Tax Credit Program was established in 2000 to promote the construction and rehabilitation of low-income housing in New York State. The New York State low-income housing credit is similar to the federal low-income housing credit and is administered by the New York State Division of Housing and Community Renewal (DHCR). For more information on this program, visit the DHCR website (www.nyshcr.org).

Part H of Chapter 60 of the Laws of 2016 amended the Public Housing Law to increase the statewide aggregate dollar amount of low-income housing credits that may be allocated to eligible low-income housing projects as shown below:

Effective	Tax credits increase to:
April 13, 2016	\$72 million
April 1, 2017	\$80 million
April 1, 2018	\$88 million
April 1, 2019	\$96 million
April 1, 2020	\$104 million

For more information about this credit, see:

- [TSB-M-00\(2\)C](#), *Summary of 2000 Corporation Tax Legislative Changes Taking Effect in 2000*
- [TSB-M-00\(3\)I](#), *2000-2001 New York State Budget Bill Income Tax Changes Taking Effect in 2000*

(Public Housing Law section 22(4))

Manufacturers real property tax credit (Article 9-A)

Part MM of Chapter 60 of the Laws of 2016 amended the Tax Law to allow qualified manufacturers subject to tax under Article 9-A that are principally engaged in the production of goods by farming, agriculture, horticulture, floriculture, viticulture, or commercial fishing to claim the credit for eligible real property taxes paid on property leased from a related party provided:

- the taxes are paid by the taxpayer as lessee pursuant to explicit requirements in a written lease, and
- the taxpayer as lessee has paid such taxes directly to the taxing authority and has received a written receipt for payment of taxes from the taxing authority.

Under previous law, taxes paid on real property leased from a related party did not qualify for this credit under Article 9-A. For more information, see [TSB-M-16\(2\)C](#), *Additional Revisions to the Real Property Tax Credit For Qualified New York Manufacturers*.

For more information about this credit, see:

- [TSB-M-15\(1\)C](#), *Summary of Budget Bill Corporation Tax Changes Enacted in 2014*
- [TSB-M-15\(1\)I](#), *Summary of Budget Bill Personal Income Tax Changes Enacted in 2014*
- [TSB-M-15\(3\)C, \(3\)I](#), *Real Property Tax Credit and Reduction of Tax Rates for Qualified New York Manufacturers*
- [TSB-M-15\(3.1\)C, \(3.1\)I](#), *Revised Information on the Real Property Tax Credit and Reduction of the Capital Base Tax Rate for Qualified New York Manufacturers*

(Tax Law section 210-B(43)(b)(2))

Noncustodial parent New York State earned income credit (Article 22)

Part L of Chapter 60 of the Laws of 2016 amended the Tax Law to make the noncustodial parent New York State earned income credit permanent. Under previous law, the credit was due to expire for tax years beginning on or after January 1, 2017.

For more information about this credit, see:

- [TSB-M-07\(3\)I](#), *Summary of Personal Income Tax Legislative Changes Enacted in 2006*
- [TSB-M-12\(6\)I](#), *Summary of Budget Bill Personal Income Tax Changes Enacted in 2012*
- [TSB-M-15\(1\)I](#), *Summary of Budget Bill Personal Income Tax Changes Enacted in 2014*

(Tax Law section 606(d-1))

Special additional mortgage recording tax credit (Article 9-A)

Part LL of Chapter 60 of the Laws of 2016 made the special additional mortgage recording tax credit (SAMRTC)¹ for residential mortgages refundable for Article 9-A taxpayers who, as mortgagee, paid special additional mortgage recording tax on these residential mortgages in any tax year beginning on or after January 1, 2015. For more information, see [TSB-M-16\(3\)C](#), *Summary of Corporation Tax Changes Enacted in 2016 Budget Bill*.

(Tax Law section 210-B(9)(b))

Taxicab and livery service vehicles accessible to persons with disabilities credit (Articles 9-A and 22)

Part K of Chapter 60 of the Laws of 2016 amended the Tax Law to extend the credit for taxicab and livery service vehicles accessible to persons with disabilities through December 31, 2022. Under previous law, the credit was due to expire on December 31, 2016.

For more information about this credit, see [TSB-M-12\(1\)C, \(1\)I](#), *Credit for Taxicabs and Livery Service Vehicles Accessible to Persons with Disabilities*.

¹ The SAMRTC is not allowed on residential mortgages if the real property is located in Erie County or any of the counties within the Metropolitan Commuter Transportation District (MCTD). The MCTD includes the counties of New York, Bronx, Queens, Kings, Richmond, Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk, and Westchester.

(Section 5 of Chapter 604 of the Laws of 2011; Tax Law sections 210-B(38) and 606(tt))

Urban youth jobs program tax credit (Articles 9-A and 22)

The Urban Youth Jobs Program² encourages businesses to hire unemployed, disadvantaged youth, ages 16 to 24, who live in New York State, with a focus on certain cities and towns. The urban youth jobs program tax credit has five independent credit allocation caps that apply to tax years 2012 through 2017. The program is administered by the New York State Department of Labor.

Part VV of Chapter 60 of the Laws of 2016 amended the Labor Law to increase the annual allocation for the urban youth jobs program tax credit from \$20 million to \$50 million for programs four (tax year 2016) and five (tax year 2017).

For more information on the Urban Youth Jobs Program, visit the Department of Labor website (www.labor.ny.gov).

For more information on the urban youth jobs program tax credit, see:

- [TSB-M-12\(3\)C](#), *Summary of Corporation Tax Changes Enacted in Extraordinary Legislative Session*
- [TSB-M-12\(3\)I](#), *Summary of Personal Income Tax Changes Enacted in Extraordinary Legislative Session*
- [TSB-M-12\(5\)C, \(4\)I](#), *Legislative Amendments to the New York Youth Works Tax Credit Program*
- [TSB-M-13\(10\)C, \(9\)I](#), *Extension and Expansion of the New York Youth Works Tax Credit Program*
- [TSB-M-14\(2\)C](#), *Summary of Budget Bill Corporation Tax Changes Enacted in 2013 - Effective for Tax Years After 2013*
- [TSB-M-14\(2\)I](#), *Summary of Budget Bill Personal Income Tax Changes Enacted in 2013 - Effective for Tax Years Beginning After 2013*
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(Labor Law sections 25-a(a) and 25-a(b))

Note: A TSB-M is an informational statement of existing department policies or of changes to the law, regulations, or department policies. It is accurate on the date issued. Subsequent changes in the law or regulations, judicial decisions, Tax Appeals Tribunal decisions, or changes in department policies could affect the validity of the information presented in a TSB-M.

² The Urban Youth Jobs Program was previously known as the New York Youth Works Program.