

1979 Legislation

Reduction of Tax On Certain Parts, Tools, Supplies And Services  
To Tangible Personal Property Used Or Consumed In Production

Chapter 625 - Approved July 11, 1979

This act amends the sales and use tax law by adding a new section 1105-B to provide for a reduction and subsequent exemption from the statewide tax rate imposed on the sale of certain parts, tools and supplies used in connection with production machinery and equipment and for certain services rendered to machinery, equipment, parts, tools and supplies used in production.

However, this act does not affect the four percent tax rate imposed in New York City for the benefit of the Municipal Assistance Corporation for the City of New York on the sale of parts with a useful life of one year or less, and tools and supplies used directly and predominantly in production or in or on certain telephone or telegraph central office equipment or station apparatus.

Nor does it affect the sales and use taxes imposed by localities pursuant to Article 29 of the Tax Law (including the 4% tax rate imposed in New York City for the benefit of the Municipal Assistance Corporation for the City of New York) on the services of installing, repairing, maintaining or servicing machinery and equipment used directly and predominantly in production and telephone and telegraph central office equipment and station apparatus and the parts, tools and supplies used in connection with this machinery, equipment and apparatus.

There is currently no local sales and use tax in effect outside New York City on the sale of parts with a useful life of one year or less, and tools and supplies used directly and predominantly in production or in or on certain telephone or telegraph central office equipment or station apparatus.

Subdivision (a) provides:

- 1) for the reduction of the statewide sales tax rate to two percent for the period September 1, 1980 through February 28, 1981 on the retail sales of parts with a useful life of one year or less, tools and supplies which are used directly and predominantly in production or which are used directly and predominantly in or on certain telephone or telegraph central office equipment or station apparatus.
- 2) for the exemption of the parts, tools and supplies described in 1) above on and after March 1, 1981.

Subdivision (b) provides:

- 1) for the reduction of the statewide sales tax rate to two percent for the period September 1, 1980 through February 28, 1981 on the services of installing, repairing, maintaining or servicing machinery and equipment used directly and predominantly in production or directly and predominantly in telephone and telegraph central office equipment and station apparatus and the parts, tools and supplies used in connection with this machinery, equipment and apparatus.
- 2) for the exemption of the services described in 1) above on and after March 1, 1981.

Subdivision (c) provides:

- 1) for a rate reduction to two percent for the period September 12 1980 through February 28, 1981 of the statewide use taxes imposed on the use of parts with a useful life of one year or less, tools and supplies described above and the services rendered to these parts, tools and supplies.
- 2) for the exemption of the parts, tools, supplies and services described in 1) above on and after March 1, 1981.

Subdivision (d) contains the transitional provisions which stipulate that the rate in effect at the time of delivery or transfer of possession of the tangible personal property or services described in section 1105-B is the applicable rate.