

1979 Legislation

Authorization for Reduction in Local Tax
On Certain Energy Sources and Services

Chapter 745 of the Laws of 1979, approved November 5, 1979, amends subdivisions (a) and (b) of section 1210 of Article 29 of the Tax Law by adding a new paragraph to each, giving school districts, counties (except counties wholly contained within a city), and cities outside New York City the authority to impose sales tax at the rate of 3%, 2%, 1% or zero percent, on the retail sale of certain energy sources and related services. Whereas this legislation grants a locality the authority to reduce the tax rate, it does not allow it to increase the tax rate to a percentage in excess of the uniform local rate previously established.

Chapter 746 of the Laws of 1979, approved November 5, 1979, amends the new paragraphs added by Chapter 745 of the Laws of 1979 by excluding school districts from the List of those localities authorized to reduce the tax rate imposed on certain energy sources and related services. In addition, those localities which are now granted the authority to reduce the tax rate will no longer be limited to whole percentages; they may reduce by whole or half percents (3%, 2½%, 2%, 1½%, etc.) .

The reduction applies to the following energy sources and related services used for residential purposes:

- fuel oil (excluding diesel motor fuel)
- coal
- wood for residential heating purposes only
- propane (except when sold in containers of less than 100 pounds)
- natural gas
- electricity
- steam
- gas, electric and steam services

Localities which elect to apply a reduced rate must apply the same rate to all energy sources and services; they cannot, for example, apply a 3% rate to fuel oil and a 2% rate to coal.

Transitional Provisions

All sales of energy sources and services will be subject to tax at the rate in effect on the date of delivery or transfer of possession, even if the sale was made or rendered under a contract entered into prior to the date of the tax rate change.

Where sales of energy sources and services are made on a monthly, quarterly, or other basis, and the bills are computed on meter readings, the tax rate that applies is the rate that was in effect for more than one half the billing period. It should be noted that the date a change becomes effective may vary from one taxing jurisdiction to the next, depending on when or whether the individual locality elects to reduce the rate.

Those localities electing to reduce the tax rate could do so on December 1, 1979, with written notice given to the State Tax Commission by November 20, 1979, or on January 1, 1980 with written notice given at least 30 days prior to the effective date. Those localities electing to exempt the energy sources and services completely may, in addition to the above dates, eliminate the tax on October 1, 1980 if 90 day written notice is given to the Tax Commission. Other than the exceptions noted, any locality changing its current rate must comply with the provisions of section 1210(d) by notifying the Commission at least 90 days prior to the date of the change, and making the effective date coincide with the beginning of a quarterly reporting period (March 1, June 1, September 1, or December 1).

To date, the following local taxing jurisdictions have reduced or eliminated their local sales and use taxes.

Locality	Effective Date	Tax Rate
* Chenango Co	1/1/80	0
Essex Co.	1/1/80	0
Fulton Co.	1/1/80	0
Hamilton Co.	1/1/80	0
Jefferson Co.	1/1/80	2%
Livingston Co.	12/1/79	0
** Montgomery Co.	12/1/79	0
Otsego Co.	12/1/79	0
Nassau Co.	1/1/80	2%
*** New Rochelle(City of)	1/1/80	0
**** Poughkeepsie(City of)	12/1/79	1%
Schuyler Co.	1/1/80	2%
**** Steuben Co.	1/1/80	0
Sullivan Co.	12/1/79	0
***** Warren Co.	1/1/80	0
Washington Co.	1/1/80	0
Wayne Co.	1/1/80	0
Yates Co.	12/1/79	0

Note: Effective January 1, 1980 the statewide rate of sales and use tax imposed on energy sources used for residential purposes is reduced from 3% to 2½%.

- * The elimination of the Chenango County tax does not affect the local tax imposed within the city of Norwich on natural gas, propane, electricity, steam and gas, electric and steam services used for residential purposes. Sales of these energy sources to residents of the city of Norwich will be subject to tax at 5½% effective January 1, 1980 (2½% state tax and 3% local tax).
- ** The City of Amsterdam, Montgomery County, has not acted to reduce or eliminate its local sales and use tax on residential energy sources. Effective December 1, 1979 the sales and use tax rate within the city of Amsterdam on residential energy sources will be 4½% (3% state tax and 1½% local tax). Effective January 1, 1980, however, the rate will be 4% (2½% state tax and 1½% local tax).
- *** Although the city of New Rochelle has eliminated its local sales and use tax on energy sources for residential purposes as of January 1, 1980, its residents will still be subject to the 1% tax rate prevailing in Westchester County. Therefore, effective January 1, 1980 the sales and use tax rate within the city of New Rochelle will be 3½% (2½% state tax and 1% local tax).
- **** Although the city of Poughkeepsie has reduced its local sales and use tax on energy sources for residential purposes to 1% as of December 1, 1979, its residents will still be subject to the 1% tax rate prevailing in Dutchess County. Therefore, effective December 1, 1979, the sales and use tax rate in Poughkeepsie is 5% (3% state tax, 1% county tax and 1% city tax). On and after January 1, 1980, the date the state tax rate becomes 2½%, the combined state and local tax rate is 4½%.
- ***** The cities of Corning and Hornell, Steuben County, have not acted to reduce or eliminate their portion of the local sales and use tax on residential energy sources. Therefore, effective January 1, 1980 the combined sales and use tax rate on these energy sources within the cities of Corning and Hornell will be 4% (2½% state tax and 1½% local tax).
- ***** The city of Glens Falls, Warren County has not acted to reduce or eliminate its local sales and use tax on residential energy sources. Effective January 1, 1980 the sales and use tax rate within the city of Glens Falls on residential energy sources will be 4% (2½% state tax and 1½% local tax).