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Analysis of Article 9-A General Business Corporation Franchise Tax Credits for 1999

Contents

Introduction and Purpose	Highlights for 1999	1
Analysis of Statistical Data	Description of Tables	3
	Data Considerations	4
	Summary of Credit Activity	5
	Overview of Major Credit Provisions	6
	Endnotes	8
Tables	<i>1998-99 Liability Year</i>	
	Table 1: Comparison of Article 9-A Tax Credit Activity – 1998 and 1999	9
	Table 2: Profile of Total New York State Tax Credits – 1998 and 1999	10
	<i>1999 Liability Year</i>	
	Table 3: Profile of New York State Investment Tax Credit by Basis of Taxation	12
	Table 4: Profile of New York State Investment Tax Credit by Major Industry Group	13
	Table 5: Profile of New York State Investment Tax Credit by Size of Entire Net Income	15
	Table 6: Profile of New York State Investment Tax Credit by Size of Credit Used	17
	Table 7: Profile of New York State Investment Tax Credit For Financial Services	19
	Table 8: Profile of New York State Special Additional Mortgage Recording Credit by Basis of Taxation	20
	Table 9: Profile of New York State EZ Wage Credit by Basis of Taxation	21

Table 10: Profile of New York State EZ Capital Corp Credit by Basis of Taxation	22
Table 11: Profile of New York State EZ Investment Credit by Basis of Taxation	23
Table 12: Profile of New York State ZEA Wage Credit by Basis of Taxation	24
Table 13: Profile of New York State Alternative Minimum Tax Credit by Major Industry Group	25
Table 14: Profile of New York State Alternative Minimum Tax Credit by Size of Entire Net Income	27
Table 15: Profile of New York State Alternative Minimum Tax Credit by Size of Credit Used	29
Table 16: Profile of New York State Agriculture Property Tax Credit by Basis of Taxation	31
Table 17: Profile of New York State Credit for Hiring Individuals with Disabilities by Basis of Taxation	32
Table 18: Profile of New York State Alternative Fuels Vehicle By Credit Component	33
Table 19: Profile of New York State Qualified Emerging Technology Company Tax Credit by Credit Component	33
Table 20: Profile of New York State Industrial or Manufacturing Business Tax Credit by Basis of Taxation	34

Appendixes

Appendix A: Credit Provisions Effective for Tax Years Beginning Prior to January 1, 2000	A-1
Appendix B: Legislative Mandate	B-1

Introduction and Purpose

This report provides an accounting of credit activity under the General Business Corporation Franchise Tax (Article 9-A). Section 109(a) of the Business Tax Reform and Rate Reduction Act of 1987 mandated an annual study of tax credits available to Article 9-A taxpayers. Credit activity attributable to banks, insurance companies, or utilities is not included because such entities are taxable under other Tax Law articles. The data used to generate this report come from an annual study conducted by the Office of Tax Policy Analysis (OTPA). The study is based on the latest available data drawn from New York State corporation tax returns. These data pertain to corporations whose taxable year begins on or after January 1, 1999, and ends on or before November 30, 2000 (hereinafter referred to as the 1999 tax liability year).

Definitions and descriptions of the various tax credits for the time period analyzed appear in Appendix A. Appendix B provides the legislative mandate for the report.

Highlights for 1999

- Corporate taxpayers *earned* a total of \$334.4 million in credits, *claimed* a total of \$1,988.9 million in credits and *used* a total of \$220.7 million in credits against their Article 9-A liability.
- Between 1998 and 1999, the total amount of credit earned declined by 10.9 percent, but the amount of credit claimed grew 2.1 percent and the amount of credit used increased 25.5 percent.
- Not including credits newly available in 1999, the number of taxpayers earning credits increased 9.4 percent over 1998, and the number of taxpayers claiming credits increased 7.3 percent over 1998. The number of taxpayers using credits declined 1.4 percent from 1998 to 1999.
- The investment tax credit (ITC) continued to be the predominately used credit, accounting for 46.0 percent of all credits used. However, this represents a decline in share of 21.9 percent from 1998.

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- The 22.1 percent growth in the share of the ITC for financial services from 3.6 percent in 1998 to 25.7 percent in 1999 resulted in the two ITC's combined accounting for 71.7 percent of all tax credits used; relatively unchanged from 1998.
 - Approximately 77.1 percent of the amount of traditional ITC credits used were in amounts greater than \$100,000. This is a decrease from 80.8 percent in 1998.
 - Approximately 95.7 percent of the amount of ITC for financial services credits used were in amounts greater than \$500,000. This is an increase from 71.9 percent in 1998.
 - The use of Empire Zone (EZ) credits grew from \$36.5 million in 1998 to \$51.0 in 1999.
 - The number of taxpayers utilizing EZ credits also grew significantly from 1998 to 1999. The number earning EZ credits increased 16.4 percent, the number claiming EZ credits increased 19.1 percent, and the number using EZ credits increased 23.2 percent.
 - Two new credits became available during the 1999 tax liability year: the qualified emerging technology company (QETC) credits and the industrial or manufacturing business (IMB) tax credit.
 - Sixteen taxpayers earned QETC credits and 52 taxpayers earned IMB credits.

Analysis of Statistical Data

Description of Tables

The following tables present information for the Article 9-A corporate tax credits.

The tables present data on the number of taxpayers taking the credit, the total amount of credit, the mean amount of credit and the median amount of credit,¹ for the following components of each credit:²

Credit Earned –	The amount of credit generated in the current tax year.
Credit Claimed –	The amount of credit which taxpayers are entitled to use during the taxable year. Taxpayers determine the amount of credit claimed by adding the amount of credit earned in the current year to the amount of unused credits from the prior year and subtracting any applicable credit recapture.
Credit Used –	The amount of credit which taxpayers actually apply to their tax liability. ³
Credit Carried Forward –	Any unused amount of credit which is allowed to be used to offset tax liability in future years. The amount of credit carried forward is determined by subtracting the amount of credit used or refunded in the current year from the amount of credit claimed. ⁴

A series of tables present a profile of the credit(s) distributed by different subgroupings. These include: basis of taxation after credits, major industry group, size of entire net income, and size of credit used. Secrecy provisions preclude providing all subgroupings for all credits,

and the tables do not present detailed information about refundable credits.

The basis of taxation tables reflect credits used by taxpayers whose tax is based on either the entire net income (ENI) base, the capital base, the alternative minimum tax (AMT) base or the fixed dollar minimum tax. The ENI and capital bases represent taxpayers who began under these bases, used credits and remained under these bases (despite the use of credits). The fixed dollar minimum and AMT bases represent two different classes of taxpayers. The bases could include taxpayers who started under one of the other bases such as ENI, but because of credits, ended up either paying the fixed dollar minimum tax or the AMT. These bases could also include taxpayers who used credits to strictly offset their subsidiary capital tax.

The major industry group category is based on the North American Industry Classification System (NAICS). Taxpayers report their principal business activity using NAICS codes from their federal tax returns. These codes identify the general type of business activity in which the entity is engaged. The major industry groups presented in this report consist of agriculture; mining; construction; manufacturing; transportation, communications, public utility services; wholesale trade; retail trade; finance, insurance and real estate; and services. Taxpayers who fail to provide NAICS information, or who may report outdated codes, become unidentifiable by industry group and are classified as such in this report.

Data Considerations

The data contained in these tables come directly from the returns of corporations claiming the credits.⁵ This year, there were enough claims for the alternative fuels vehicle credit data to be included in this report, but only the totals for each credit component are displayed due to disclosure provisions. Two tables are introduced for newly available credits: the qualified emerging technology company (QETC) credits and the industrial or manufacturing business (IMB) credit.

The tax law limits some credits to a percentage of tax due or allows only a percentage of the credit to be used. For tax years beginning in 1994 and ending in 1998, a taxpayer may only use up to 20 percent of the “pre-1994 NOL” component of the AMT credit. The Empire Zone/Zone Equivalent Area (EZ/ZEA) wage tax credit (in the aggregate) cannot exceed 50 percent of the business corporation franchise tax that is calculated prior to applying any other credits. (For more detail on these credits, see Appendix A.)

Taxpayers permitted to take the investment tax credit (ITC), the employment incentive credit (EIC), the rehabilitation credit for historic barns, and the credit on research and development property report amounts earned during the tax year on separate lines on tax form *CT-46-Claim for Investment Tax Credit*. However, when computing the credit claimed, used and carried forward, taxpayers combine the credits on the CT-46. This study presents these combined amounts for each of the credit components.

The alternative fuels vehicle tax credit allows excess credit to be transferred to affiliates of the taxpayer.

The industrial or manufacturing business credit does not allow any carryforward of excess credit.

Summary of Credit Activity

The tables in this report summarize tax credit activity by component and type of credit. The totals in the tables may not match the detail tables due to rounding and disclosure requirements.

In all tables, ‘--’ indicates that the component does not apply to the credit or that the data for that component are not available. A ‘0’ means that the credit was available but not utilized by any taxpayers, or that the amount was less than \$100,000. The letter ‘d’ indicates that the data cannot be presented due to confidentiality restrictions of the tax law. Total values for number of taxpayers, amount of credit, and mean and median credit were computed using all taxpayers in the study. The available data for all tables do not reflect changes made on audit or amended filings.

Overview of Major Credit Provisions

This section provides an overview of largest credit provisions available to taxpayers during the period covered by this report. All available credits are discussed in detail in Appendix A.

Investment Tax Credit

The rate for the ITC equals 5 percent of the first \$350 million of investments, and 4 percent for investments over that amount.

Employment Incentive Credit

Taxpayers allowed an ITC may be eligible for the EIC. This credit is a two-year credit determined by the original investment credit base. The rate equals 1.5 percent if employment equals at least 101 percent, but less than 102 percent of base year employment. The rate equals 2 percent if employment equals at least 102 percent, but less than 103 percent of base year employment. The rate equals 2.5 percent if employment equals at least 103 percent of base year employment.

Rehabilitation Credit for Historic Barns

Taxpayers may claim a corporate franchise tax credit for the rehabilitation of historic barns in New York State. The credit equals 25 percent of qualified rehabilitation expenditures. A taxpayer may not claim both the regular investment tax credit on manufacturing property and the investment tax credit for rehabilitation of historic barns on the same property.

Credit on Research and Development Property Under the Investment Tax Credit

Research and development (R&D) property qualifies for the ITC. Taxpayers may either choose the R&D rate of 9 percent or the lower ITC rate. By electing the lower rate, taxpayers also become eligible for the EIC in subsequent years based on increased employment. (Because of the consolidation of the above four credits on the tax return, separate data on each does not appear in this report.)

Financial Services ITC

Corporations, banks and personal income taxpayers that are brokers or dealers in securities can receive the ITC for equipment or buildings used in the broker/dealer activity and in activities connected with broker/dealer operations such as the provision of investment advice, and lending activities associated with the purchase and sale of securities. The credit allowances are the same as the traditional ITC.

Empire Zone Credits/Zone Equivalent Area Wage Tax Credit	EZ credits include an ITC, a financial services ITC, a wage credit (for targeted and non-targeted employees in such zones), and a capital corporation tax credit (for the purchase of original issue stock issued by a certified empire zone capital corporation). A wage tax credit is available for employment in a ZEA.
Alternative Minimum Tax Credit	In certain instances, taxpayers could be subject to double taxation on the same transaction under the regular tax system and the AMT. To eliminate this double-tax result, the law provides a credit mechanism. The AMT credit equals the taxpayer's adjusted minimum tax, minus any amount used as a minimum tax credit in prior years. (For a complete explanation, see Appendix A.)

Endnotes

1. As used in this report, “Mean Amount of Credit” is defined as the average amount of credit in a given category. “Median Amount of Credit” is defined as the central value representing an equal number of credit values below and above it.
2. There is only data available for the “credit used” component for the job incentive credit. The 1999 tax liability year was also the first year of eligibility for the qualified emerging technology company (QETC) credits and the industrial or manufacturing business (IMB) credit. Accordingly, only credit earned is displayed for these credits, as credit earned equals credit claimed in this liability year.
3. Taxpayers may use credits to reduce their tax liabilities computed under the entire net income base, capital base or subsidiary capital base. Generally, credits may not be used to reduce tax liability below the amount computed under the alternative minimum tax base or the fixed dollar minimum base, whichever is higher. For the 1999 tax liability year, the mortgage servicing tax credit could be used to reduce a taxpayer’s liability below the alternative minimum tax base or the fixed dollar minimum base.
4. The computation for credit carried forward does not apply to the IMB credit or the alternative fuels vehicle credit. The IMB credit does not allow a credit carry forward, and the alternative fuels vehicle credit allows for a transfer of excess credits to affiliates of the taxpayer in addition to a credit carry forward.
5. Historical data presented in this report may differ from that presented in previous reports. This can occur as a result of changes made to the data collection process and minor adjustments made to the original data files. In certain limited instances, errors made on either prior year or 1999 tax liability year credit claim forms may also result in discrepancies.

Table 1: Comparison of Article 9-A Tax Credit Activity - 1998 and 1999

	1998 (\$ millions)								
	Total Credit Earned	Unused Credit		Total Credit Available	Recaptured Credit	Credit Claimed	Credit Used	Refundable Credit	Credit Carried Forward
		from the Prior Year							
Investment Credit	\$208.9	1,455.7	1,664.6	9.0	1,655.6	119.5	10.0	1,526.1	
Investment Tax Credit for									
Financial Services	18.1	0.2	18.3	0.0	18.3	6.3	0.0	12.0	
Special Additional Mortgage									
Recording Credit	0.8	1.6	2.4	0.0	2.4	0.7	0.4	1.7	
Job Incentive Credit	--	--	--	--	--	0.0	--	--	
EZ Credits	47.9	54.9	102.8	0.5	102.4	36.5	3.5	62.4	
Alternative Minimum Tax Credit	9.2	79.3	79.3	-	79.3	12.8	-	66.5	
Mortgage Servicing Tax Credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Agriculture Property Tax Credit	0.5	0.0	0.5	0.0	0.5	0.0	0.5	0.0	
Credit for Employing Individuals									
with Disabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Alternative Fuels Vehicle Credit*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Total 1/	375.5	1,591.8	1,958.0	9.5	1,948.5	175.9	14.3	1,758.8	

	1999 (\$ millions)								
	Total Credit Earned	Unused Credit		Total Credit Available	Recaptured Credit	Credit Claimed	Credit Used	Refundable Credit	Credit Carried Forward
		from the Prior Year							
Investment Credit	\$176.2	1,492.7	1,668.8	9.8	1,659.0	101.5	12.0	1,545.5	
Investment Tax Credit for									
Financial Services	69.5	16.9	86.3	0.2	86.1	56.7	0.2	29.3	
Special Additional Mortgage									
Recording Credit	2.9	2.9	5.7	0.0	5.7	0.7	2.9	2.1	
Job Incentive Credit	--	--	--	--	--	0.0	--	--	
EZ Credits	75.9	108.9	184.9	1.5	183.4	51.0	4.2	128.3	
Alternative Minimum Tax Credit	7.9	52.0	52.0	0.0	52.0	10.1	-	41.9	
Mortgage Servicing Tax Credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Agriculture Property Tax Credit	0.5	0.0	0.5	0.0	0.5	0.0	0.4	0.1	
Credit for Employing Individuals									
with Disabilities	0.2	0.0	0.2	0.0	0.2	0.2	0.0	0.1	
Alternative Fuels Vehicle Credit*	0.5	0.6	1.2	0.0	1.2	0.1	0.0	0.9	
QETC Credits	0.4	0.0	0.4	0.0	0.4	0.0	0.1	0.3	
IMB Credits**	0.4	-	0.4	-	0.4	0.4	0.0	-	
Total 1/	334.4	1,674.0	2,000.4	11.5	1,988.9	220.7	19.8	1,748.5	

* The provisions of this credit allow for the transfer of excess credit to affiliates of the taxpayer. In 1999, corporations transferred \$200,000 to affiliates.

** The provisions of this credit do not allow a carryforward of excess credit.

1/ Total row reflects the vertical summation of the individual credit components. Horizontal calculations within the column are not valid

Table 2: Profile of Total New York State Tax Credits - 1998 and 1999**Credits Earned By Year and Credit Type**

Credit	1998		1999	
	Number of Taxpayers	Amount of Credit Earned	Number of Taxpayers	Amount of Credit Earned
Investment Tax Credit	2,474	\$208,897,313	2,319	\$176,153,565
Investment Tax Credit for Financial Services	24	18,096,161	44	69,475,366
Additional Mortgage Recording Credit	109	791,581	69	2,863,210
Job Incentive Credit	--	--	--	--
EZ Wage Credit	167	6,179,885	184	8,324,080
EZ Capital Corporation Credit	9	98,376	15	136,115
EZ Investment Tax Credit	147	35,219,928	187	64,091,721
EZ Investment Tax Credit for Financial Services	d/	d/	d/	d/
ZEA Wage Credit	18	658,482	11	3,425,600
Alternative Minimum Tax Credit	3,395	9,183,050	4,060	7,898,565
Mortgage Servicing Tax Credit	0	0	0	0
Agriculture Property Tax Credit	89	507,698	100	518,939
Credit for Employing Individuals with Disabilities	15	50,528	61	207,164
Alternative Fuels Vehicle Credit	0	0	3	539,025
QETC Credits	--	--	16	448,034
IMB Credits	--	--	52	379,146

Credits Claimed By Year and Credit Type

Credit	1998		1999	
	Number of Taxpayers	Amount of Credit Claimed	Number of Taxpayers	Amount of Credit Claimed
Investment Tax Credit	3,389	\$1,655,550,793	3,205	\$1,658,996,045
Investment Tax Credit for Financial Services	24	18,294,209	44	\$86,130,610
Additional Mortgage Recording Credit	147	2,397,885	121	5,691,533
Job Incentive Credit	--	--	--	--
EZ Wage Credit	186	11,247,258	223	16,785,939
EZ Capital Corporation Credit	13	4,206,289	18	196,563
EZ Investment Tax Credit	171	80,300,231	210	162,883,554
EZ Investment Tax Credit for Financial Services	d/	d/	d/	d/
ZEA Wage Credit	23	847,526	17	3,523,691
Alternative Minimum Tax Credit	2,618	79,323,681	3,156	52,026,401
Mortgage Servicing Tax Credit	0	0	0	0
Agriculture Property Tax Credit	89	507,698	101	551,847
Credit for Employing Individuals with Disabilities	15	50,528	63	240,294
Alternative Fuels Vehicle Credit	0	0	5	1,153,394
QETC Credits	--	--	16	448,034
IMB Credits	--	--	52	379,146

Table 2: Profile of Total New York State Tax Credits – 1998 and 1999 (Con't)**Credits Used By Year and Credit Type**

Credit	1998		1999	
	Number of Taxpayers	Amount of Credit Used	Number of Taxpayers	Amount of Credit Used
Investment Tax Credit	2,774	\$119,490,716	2,626	\$101,488,613
Investment Tax Credit for Financial Services	22	6,340,440	43	56,699,355
Additional Mortgage Recording Credit	136	666,700	112	727,322
Job Incentive Credit	3	78,775	0	0
EZ Wage Credit	152	2,354,145	196	4,623,058
EZ Capital Corporation Credit	15	796,640	16	136,108
EZ Investment Tax Credit	108	27,304,947	137	42,982,741
EZ Investment Tax Credit for Financial Services	d/	d/	d/	d/
ZEA Wage Credit	18	278,282	12	3,207,595
Alternative Minimum Tax Credit	816	12,789,308	807	10,102,591
Mortgage Servicing Tax Credit	0	0	0	0
Agriculture Property Tax Credit	19	27,139	15	35,925
Credit for Employing Individuals with Disabilities	12	22,584	50	165,718
Alternative Fuels Vehicle Credit	0	0	3	51,431
QETC Credits	--	--	8	46,517
IMB Credits	--	--	49	351,598

Credits Carried Forward By Year and Credit Type

Credit	1998		1999	
	Number of Taxpayers	Amount of Credit Carried Forward	Number of Taxpayers	Amount of Credit Carried Forward
Investment Tax Credit	2,684	\$1,526,108,124	2,549	\$1,545,468,759
Investment Tax Credit for Financial Services	5	11,953,769	8	29,253,617
Additional Mortgage Recording Credit	65	1,731,185	55	2,113,182
Job Incentive Credit	--	--	--	--
EZ Wage Credit	148	7,046,014	182	11,501,441
EZ Capital Corporation Credit	8	3,417,784	4	60,455
EZ Investment Tax Credit	146	51,397,556	180	116,437,932
EZ Investment Tax Credit for Financial Services	d/	d/	0	0
ZEA Wage Credit	15	533,668	15	250,424
Alternative Minimum Tax Credit	2,184	66,534,373	2,666	41,923,839
Mortgage Servicing Tax Credit	0	0	0	0
Agriculture Property Tax Credit	8	19,538	29	135,378
Credit for Employing Individuals with Disabilities	8	27,944	35	74,576
Alternative Fuels Vehicle Credit	0	0	3	900,895
QETC Credits	--	--	11	347,017
IMB Credits	--	--	--	--

Table 3: Profile of New York State Investment Tax Credit by Basis of Taxation - 1999 Liability Year**Credit Earned**

Basis of Taxation	Number of Taxpayers	Amount of Credit Earned	% of Credit Earned	Median Credit Earned	Mean Credit Earned
Entire Net Income	464	\$17,633,391	10.01	\$4,884	\$38,003
Fixed Dollar Minimum Tax	730	50,090,300	28.44	3,955	68,617
Capital Base	88	4,769,452	2.71	3,217	54,198
Alternative Minimum Tax	1,037	103,660,422	58.85	8,630	99,962
Total	2,319	\$176,153,565	100.00	\$6,005	\$75,961

Credit Claimed

Basis of Taxation	Number of Taxpayers	Amount of Credit Claimed	% of Credit Claimed	Median Credit Claimed	Mean Credit Claimed
Entire Net Income	531	\$30,512,486	1.84	\$5,172	\$57,462
Fixed Dollar Minimum Tax	1,182	493,655,840	29.76	23,281	417,645
Capital Base	118	40,183,036	2.42	5,393	340,534
Alternative Minimum Tax	1,374	1,094,644,683	65.98	41,010	796,685
Total	3,205	\$1,658,996,045	100.00	\$23,426	\$517,627

Credit Used

Basis of Taxation	Number of Taxpayers	Amount of Credit Used	% of Credit Used	Median Credit Used	Mean Credit Used
Entire Net Income	525	\$25,642,208	25.27	\$4,831	\$48,842
Fixed Dollar Minimum Tax	769	7,002,545	6.90	853	9,106
Capital Base	98	1,789,482	1.76	2,482	18,260
Alternative Minimum Tax	1,234	67,054,378	66.07	3,679	54,339
Total	2,626	\$101,488,613	100.00	\$2,617	\$38,648

Credit Carried Forward

Basis of Taxation	Number of Taxpayers	Amount of Credit Carried Forward	% of Credit Carried Forward	Median Credit Carried Forward	Mean Credit Carried Forward
Entire Net Income	24	\$4,853,627	0.31	\$21,078	\$202,234
Fixed Dollar Minimum Tax	1,150	478,933,975	30.99	22,913	416,464
Capital Base	35	38,347,853	2.48	74,851	1,095,653
Alternative Minimum Tax	1,340	1,023,333,304	66.22	34,739	763,682
Total	2,549	\$1,545,468,759	100.00	\$29,043	\$606,304

Table 4: Profile of New York State Investment Tax Credit by Major Industry Group - 1999 Liability Year**Credit Earned**

Major Industry Group	Number of Taxpayers	Amount of Credit Earned	% of Credit Earned	Median Credit Earned	Mean Credit Earned
Unidentifiable	0	\$0	0.00	\$0	\$0
Agriculture	190	1,290,504	0.73	2,541	6,792
Mining	37	1,571,523	0.89	8,737	42,474
Construction	52	2,236,373	1.27	4,665	43,007
Manufacturing	1,598	148,751,987	84.44	7,280	93,086
Trans., Comm., Pub.					
Utilities Services	82	6,771,568	3.84	5,189	82,580
Wholesale Trade	122	2,756,100	1.56	3,820	22,591
Retail Trade	44	1,130,618	0.64	4,482	25,696
Finance, Insurance and Real Estate	63	7,518,638	4.27	22,104	119,343
Services	131	4,126,254	2.34	3,761	31,498
Total	2,319	\$176,153,565	100.00	\$6,005	\$75,961

Credit Claimed

Major Industry Group	Number of Taxpayers	Amount of Credit Claimed	% of Credit Claimed	Median Credit Claimed	Mean Credit Claimed
Unidentifiable	0	\$0	0.00	\$0	\$0
Agriculture	258	11,821,919	0.71	15,761	45,821
Mining	51	11,009,576	0.66	41,936	215,874
Construction	73	17,535,574	1.06	14,935	240,213
Manufacturing	2,155	1,458,524,845	87.92	28,860	676,810
Trans., Comm., Pub.					
Utilities Services	111	30,345,710	1.83	16,652	273,385
Wholesale Trade	190	16,326,347	0.98	11,432	85,928
Retail Trade	66	4,169,839	0.25	6,150	63,179
Finance, Insurance and Real Estate	90	87,461,945	5.27	52,668	971,799
Services	211	21,800,290	1.31	11,675	103,319
Total	3,205	\$1,658,996,045	100.00	\$23,426	\$517,627

Table 4: Profile of New York State Investment Tax Credit by Major Industry Group - 1999 Liability Year (Con't)**Credit Used**

Major Industry Group	Number of Taxpayers	Amount of Credit Used	% of Credit Used	Median Credit Used	Mean Credit Used
Unidentifiable	0	\$0	0.00	\$0	\$0
Agriculture	190	502,212	0.49	890	2,643
Mining	42	1,533,287	1.51	7,411	36,507
Construction	63	1,365,935	1.35	1,815	21,682
Manufacturing	1,787	70,704,641	69.67	3,122	39,566
Trans., Comm., Pub.					
Utilities Services	97	11,753,738	11.58	3,208	121,173
Wholesale Trade	167	3,118,089	3.07	2,154	18,671
Retail Trade	52	1,298,073	1.28	1,606	24,963
Finance, Insurance and Real Estate					
Services	81	8,203,066	8.08	6,226	101,272
Services	147	3,009,572	2.97	2,100	20,473
Total	2,626	\$101,488,613	100.00	\$2,617	\$38,648

Credit Carried Forward

Major Industry Group	Number of Taxpayers	Amount of Credit Carried Forward	% of Credit Carried Forward	Median Credit Carried Forward	Mean Credit Carried Forward
Unidentifiable	0	\$0	0.00	\$0	\$0
Agriculture	244	11,311,714	0.73	16,852	46,359
Mining	41	9,476,289	0.61	42,745	231,129
Construction	57	16,169,639	1.05	14,954	283,678
Manufacturing	1,737	1,377,010,784	89.10	35,633	792,752
Trans., Comm., Pub.					
Utilities Services	73	17,441,264	1.13	35,798	238,921
Wholesale Trade	135	13,207,957	0.85	16,718	97,837
Retail Trade	42	2,868,584	0.19	5,334	68,300
Finance, Insurance and Real Estate					
Services	62	79,258,879	5.13	124,507	1,278,369
Services	158	18,723,649	1.21	13,087	118,504
Total	2,549	\$1,545,468,759	100.00	\$29,043	\$606,304

Table 5: Profile of New York State Investment Tax Credit by Size of Entire Net Income - 1999 Liability Year

Credit Earned

Size of Entire Net Income	Number of Taxpayers	Amount of Credit Earned	% of Credit Earned	Median Credit Earned	Mean Credit Earned
Zero or Net Loss	704	\$53,896,266	30.60	\$5,584	\$76,557
\$1 - \$99,999	680	4,859,839	2.76	2,443	7,147
100,000 - 499,999	344	5,972,442	3.39	5,318	17,362
500,000 - 999,999	122	3,646,945	2.07	12,217	29,893
1,000,000 - 24,999,999	362	42,127,071	23.92	29,440	116,373
25,000,000 - 49,999,999	37	9,719,662	5.52	94,734	262,694
50,000,000 - 99,999,999	31	14,501,730	8.23	51,375	467,798
100,000,000 - 499,999,999	26	12,393,478	7.04	102,121	476,672
500,000,000 - and over	13	29,036,132	16.48	1,138,436	2,233,549
Total	2,319	\$176,153,565	100.00	\$6,005	\$75,961

Credit Claimed

Size of Entire Net Income	Number of Taxpayers	Amount of Credit Claimed	% of Credit Claimed	Median Credit Claimed	Mean Credit Claimed
Zero or Net Loss	1,090	\$532,374,611	32.09	\$29,005	\$488,417
\$1 - \$99,999	1,043	40,250,257	2.43	10,633	38,591
100,000 - 499,999	411	36,355,576	2.19	23,738	88,456
500,000 - 999,999	132	12,846,443	0.77	34,515	97,322
1,000,000 - 24,999,999	410	213,212,636	12.85	88,686	520,031
25,000,000 - 49,999,999	45	68,840,800	4.15	177,421	1,529,796
50,000,000 - 99,999,999	33	58,465,637	3.52	270,787	1,771,686
100,000,000 - 499,999,999	28	60,638,311	3.66	119,451	2,165,654
500,000,000 - and over	13	636,011,774	38.34	1,326,345	48,923,983
Total	3,205	\$1,658,996,045	100.00	\$23,426	\$517,627

Table 5: Profile of New York State Investment Tax Credit by Size of Entire Net Income - 1999 Liability Year (Con't)

Credit Used

Size of Entire Net Income	Number of Taxpayers	Amount of Credit Used	% of Credit Used	Median Credit Used	Mean Credit Used
Zero or Net Loss	723	\$8,432,468	8.31	\$1,184	\$11,663
\$1 - \$99,999	856	1,284,983	1.27	1,037	1,501
100,000 - 499,999	399	2,641,089	2.60	5,451	6,619
500,000 - 999,999	129	2,120,172	2.09	15,599	16,435
1,000,000 - 24,999,999	403	23,601,527	23.26	35,383	58,565
25,000,000 - 49,999,999	43	8,433,443	8.31	94,734	196,127
50,000,000 - 99,999,999	32	8,233,448	8.11	119,463	257,295
100,000,000 - 499,999,999	28	18,869,948	18.59	119,451	673,927
500,000,000 - and over	13	27,871,535	27.46	862,922	2,143,964
Total	2,626	\$101,488,613	100.00	\$2,617	\$38,648

Credit Carried Forward

Size of Entire Net Income	Number of Taxpayers	Amount of Credit Carried Forward	% of Credit Carried Forward	Median Credit Carried Forward	Mean Credit Carried Forward
Zero or Net Loss	994	\$515,495,614	33.36	\$33,677	\$518,607
\$1 - \$99,999	921	38,776,409	2.51	13,383	42,103
100,000 - 499,999	291	33,212,334	2.15	39,183	114,132
500,000 - 999,999	77	10,383,697	0.67	60,350	134,853
1,000,000 - 24,999,999	219	188,887,752	12.22	325,845	862,501
25,000,000 - 49,999,999	20	58,746,596	3.80	1,000,027	2,937,330
50,000,000 - 99,999,999	15	50,057,755	3.24	1,529,960	3,337,184
100,000,000 - 499,999,999	6	41,768,363	2.70	5,198,740	6,961,394
500,000,000 - and over	6	608,140,239	39.35	11,788,532	101,356,707
Total	2,549	\$1,545,468,759	100.00	\$29,043	\$606,304

Table 6: Profile of New York State Investment Tax Credit by Size of Credit Used - 1999 Liability Year**Credit Earned**

Size of Credit Used	Number of Taxpayers	Amount of Credit Earned	% of Credit Earned	Median Credit Earned	Mean Credit Earned
Negative*	d/	d/	d/	d/	d/
Zero	343	\$17,728,154	10.06	\$2,810	\$51,686
\$1 - \$499	313	7,180,489	4.08	964	22,941
500 - 999	d/	d/	d/	d/	d/
1,000 - 4,999	633	6,537,405	3.71	3,712	10,328
5,000 - 9,999	206	5,662,628	3.21	8,098	27,488
10,000 - 24,999	248	18,343,942	10.41	18,312	73,968
25,000 - 49,999	148	13,963,533	7.93	33,135	94,348
50,000 - 99,999	102	13,805,122	7.84	71,100	135,344
100,000 - 499,999	106	43,700,395	24.81	179,345	412,268
500,000 - and over	25	47,293,533	26.85	1,053,760	1,891,741
Total	2,319	\$176,153,565	100.00	\$6,005	\$75,961

Credit Claimed

Size of Credit Used	Number of Taxpayers	Amount of Credit Claimed	% of Credit Claimed	Median Credit Claimed	Mean Credit Claimed
Negative*	6	(\$51,112)	(0.00)	(\$3,428)	(\$8,519)
Zero	579	170,183,800	10.26	14,756	293,927
\$1 - \$499	498	28,547,440	1.72	6,047	57,324
500 - 999	302	15,217,149	0.92	10,324	50,388
1,000 - 4,999	836	52,639,434	3.17	15,761	62,966
5,000 - 9,999	255	38,649,354	2.33	31,240	151,566
10,000 - 24,999	286	142,139,624	8.57	49,066	496,992
25,000 - 49,999	179	128,752,186	7.76	115,823	719,286
50,000 - 99,999	115	84,523,126	5.09	245,856	734,984
100,000 - 499,999	122	612,413,774	36.91	515,088	5,019,785
500,000 - and over	27	385,981,270	23.27	5,315,570	14,295,603
Total	3,205	\$1,658,996,045	100.00	\$23,426	\$517,627

* "Negative" means recapture exceeds amount of available credit.

Table 6: Profile of New York State Investment Tax Credit by Size of Credit Used - 1999 Liability Year (Con't)**Credit Used**

Size of Credit Used	Number of Taxpayers	Amount of Credit Used	% of Credit Used	Median Credit Used	Mean Credit Used
Negative*	6	(\$51,112)	(0.05)	(\$3,428)	(\$8,519)
Zero	0	0	0.00	0	0
\$1 - \$499	498	113,096	0.11	220	227
500 - 999	302	220,449	0.22	713	730
1,000 - 4,999	836	2,061,125	2.03	2,268	2,465
5,000 - 9,999	255	1,821,594	1.79	6,864	7,144
10,000 - 24,999	286	4,546,245	4.48	15,146	15,896
25,000 - 49,999	179	6,392,967	6.30	35,115	35,715
50,000 - 99,999	115	8,143,215	8.02	68,050	70,811
100,000 - 499,999	122	24,430,105	24.07	169,358	200,247
500,000 - and over	27	53,810,929	53.02	1,010,244	1,992,997
Total	2,626	\$101,488,613	100.00	\$2,617	\$38,648

Credit Carried Forward

Size of Credit Used	Number of Taxpayers	Amount of Credit Carried Forward	% of Credit Carried Forward	Median Credit Carried Forward	Mean Credit Carried Forward
Negative*	0	\$0	0.00	\$0	\$0
Zero	563	165,038,165	10.68	14,831	293,141
\$1 - \$499	392	27,807,333	1.80	11,890	70,937
500 - 999	244	14,629,645	0.95	15,669	59,958
1,000 - 4,999	656	49,961,080	3.23	24,972	76,160
5,000 - 9,999	183	36,653,335	2.37	56,920	200,291
10,000 - 24,999	192	136,153,486	8.81	108,968	709,133
25,000 - 49,999	128	121,731,322	7.88	217,264	951,026
50,000 - 99,999	85	75,968,269	4.92	363,478	893,744
- 499,999	86	587,016,544	37.98	573,053	6,825,774
500,000 - and over	20	330,509,580	21.39	6,461,785	16,525,479
Total	2,549	\$1,545,468,759	100.00	\$29,043	\$606,304

* "Negative" means recapture exceeds amount of available credit.

Table 7: Profile of New York State Investment Tax Credit for Financial Services by Basis of Taxation - 1999 Liability Year**Credit Earned**

Basis of Taxation	Number of Taxpayers	Amount of Credit Earned	% of Credit Earned	Median Credit Earned	Mean Credit Earned
Entire Net Income	31	\$42,425,228	61.07	\$17,228	\$1,368,556
Fixed Dollar Minimum Tax	4	449,304	0.65	18,872	112,326
Capital Base	3	621,674	0.89	d/	207,225
Alternative Minimum Tax	6	25,979,160	37.39	691,738	4,329,860
Total	44	\$69,475,366	100.00	\$49,829	\$1,578,986

Credit Claimed

Basis of Taxation	Number of Taxpayers	Amount of Credit Used	% of Credit Used	Median Credit Used	Mean Credit Used
Entire Net Income	31	\$53,463,117	62.07	\$17,228	\$1,724,617
Fixed Dollar Minimum Tax	4	449,304	0.52	18,872	112,326
Capital Base	3	621,674	0.72	d/	207,225
Alternative Minimum Tax	6	31,596,515	36.68	1,070,369	5,266,086
Total	44	\$86,130,610	100.00	\$49,829	\$1,957,514

Credit Used

Basis of Taxation	Number of Taxpayers	Amount of Credit Used	% of Credit Used	Median Credit Used	Mean Credit Used
Entire Net Income	31	\$53,463,117	94.29	\$17,228	\$1,724,617
Fixed Dollar Minimum Tax	3	244,128	0.43	d/	81,376
Capital Base	3	621,674	1.1	d/	207,225
Alternative Minimum Tax	6	2,370,436	4.18	105,569	395,073
Total	43	\$56,699,355	100.00	\$44,629	\$1,318,590

Credit Carried Forward

Basis of Taxation	Number of Taxpayers	Amount of Credit Carried Forward	% of Credit Carried Forward	Median Credit Carried Forward	Mean Credit Carried Forward
Entire Net Income	d/	d/	d/	d/	d/
Fixed Dollar Minimum Tax	d/	d/	d/	d/	d/
Capital Base	d/	d/	d/	d/	d/
Alternative Minimum Tax	6	29,226,079	99.91	241,049	4,871,013
Total	8	\$29,253,617	100.00	\$118,854	\$3,656,702

Table 8: Profile of New York State Special Additional Mortgage Recording Credit by Basis of Taxation - 1999 Liability Year

Credit Earned

Basis of Taxation	Number of Taxpayers	Amount of Credit Earned	% of Credit Earned	Median Credit Earned	Mean Credit Earned
Entire Net Income	d/	d/	d/	d/	d/
Fixed Dollar Minimum Tax	25	1,421,187	49.64	3,000	56,847
Capital Base	d/	d/	d/	d/	d/
Alternative Minimum Tax	12	1,259,479	43.99	12,057	104,957
Total	69	\$2,863,210	100.00	\$1,911	\$41,496

Credit Claimed

Basis of Taxation	Number of Taxpayers	Amount of Credit Claimed	% of Credit Claimed	Median Credit Claimed	Mean Credit Claimed
Entire Net Income	5	\$62,597	1.10	\$7,467	\$12,519
Fixed Dollar Minimum Tax	53	3,087,913	54.25	1,850	58,263
Capital Base	46	170,419	2.99	631	3,705
Alternative Minimum Tax	17	2,370,604	41.65	7,920	139,447
Total	121	\$5,691,533	100.00	\$1,527	\$47,037

Credit Used

Basis of Taxation	Number of Taxpayers	Amount of Credit Used	% of Credit Used	Median Credit Used	Mean Credit Used
Entire Net Income	5	\$62,597	8.61	\$7,467	\$12,519
Fixed Dollar Minimum Tax	46	257,346	35.38	508	5,594
Capital Base	46	170,419	23.43	631	3,705
Alternative Minimum Tax	15	236,960	32.58	4,363	15,797
Total	112	\$727,322	100.00	\$670	\$6,494

Credit Carried Forward

Basis of Taxation	Number of Taxpayers	Amount of Credit Carried Forward	% of Credit Carried Forward	Median Credit Carried Forward	Mean Credit Carried Forward
Entire Net Income	0	0	0.00	0	0
Fixed Dollar Minimum Tax	41	992,021	46.94	1,592	24,196
Capital Base	0	0	0.00	0	0
Alternative Minimum Tax	14	1,121,161	53.06	3,770	80,083
Total	55	\$2,113,182	100.00	\$1,850	\$38,421

Table 9: Profile of New York State EZ Wage Credit by Basis of Taxation - 1999 Liability Year**Credit Earned**

Basis of Taxation	Number of Taxpayers	Amount of Credit Earned	% of Credit Earned	Median Credit Earned	Mean Credit Earned
Entire Net Income	54	\$1,866,939	22.43	\$13,125	\$34,573
Fixed Dollar Minimum Tax	46	2,544,001	30.56	13,500	55,304
Capital Base	14	422,698	5.08	11,063	30,193
Alternative Minimum Tax	70	3,490,442	41.93	16,875	49,863
Total	184	\$8,324,080	100.00	\$14,250	\$45,240

Credit Claimed

Basis of Taxation	Number of Taxpayers	Amount of Credit Claimed	% of Credit Claimed	Median Credit Claimed	Mean Credit Claimed
Entire Net Income	66	\$2,791,359	16.63	\$11,614	\$42,293
Fixed Dollar Minimum Tax	57	4,567,722	27.21	21,093	80,135
Capital Base	14	809,464	4.82	23,535	57,819
Alternative Minimum Tax	86	8,617,394	51.34	32,269	100,202
Total	223	\$16,785,939	100.00	\$23,250	\$75,273

Credit Used

Basis of Taxation	Number of Taxpayers	Amount of Credit Used	% of Credit Used	Median Credit Used	Mean Credit Used
Entire Net Income	65	\$1,696,600	36.70	\$4,170	\$26,102
Fixed Dollar Minimum Tax	37	180,500	3.90	722	4,878
Capital Base	14	77,463	1.68	768	5,533
Alternative Minimum Tax	80	2,668,495	57.72	3,558	33,356
Total	196	\$4,623,058	100.00	\$2,887	\$23,587

Credit Carried Forward

Basis of Taxation	Number of Taxpayers	Amount of Credit Carried Forward	% of Credit Carried Forward	Median Credit Carried Forward	Mean Credit Carried Forward
Entire Net Income	37	\$1,008,881	8.77	\$5,526	\$27,267
Fixed Dollar Minimum Tax	56	4,106,931	35.71	15,105	73,338
Capital Base	12	606,640	5.27	17,128	50,553
Alternative Minimum Tax	77	5,778,989	50.25	27,682	75,052
Total	182	\$11,501,441	100.00	\$20,729	\$63,195

Table 10: Profile of New York State EZ Capital Corp Credit by Basis of Taxation - 1999 Liability Year**Credit Earned**

Basis of Taxation	Number of Taxpayers	Amount of Credit Earned	% of Credit Earned	Median Credit Earned	Mean Credit Earned
Entire Net Income	12	\$25,125	18.46	\$875	\$2,094
Fixed Dollar Minimum Tax	d/	d/	d/	d/	d/
Capital Base	d/	d/	d/	d/	d/
Alternative Minimum Tax	d/	d/	d/	d/	d/
Total	15	\$136,115	100.00	\$1,250	\$9,074

Credit Claimed

Basis of Taxation	Number of Taxpayers	Amount of Credit Claimed	% of Credit Claimed	Median Credit Claimed	Mean Credit Claimed
Entire Net Income	13	\$68,853	35.03	\$1,250	\$5,296
Fixed Dollar Minimum Tax	d/	d/	d/	d/	d/
Capital Base	d/	d/	d/	d/	d/
Alternative Minimum Tax	3	24,223	12.32	d/	8,074
Total	18	\$196,563	100.00	\$1,563	\$10,920

Credit Used

Basis of Taxation	Number of Taxpayers	Amount of Credit Used	% of Credit Used	Median Credit Used	Mean Credit Used
Entire Net Income	13	\$26,003	19.10	\$878	\$2,000
Fixed Dollar Minimum Tax	d/	d/	d/	d/	d/
Capital Base	d/	d/	d/	d/	d/
Alternative Minimum Tax	d/	d/	d/	d/	d/
Total	16	\$136,108	100.00	\$1,064	\$8,507

Credit Carried Forward

Basis of Taxation	Number of Taxpayers	Amount of Credit Carried Forward	% of Credit Carried Forward	Median Credit Carried Forward	Mean Credit Carried Forward
Entire Net Income	d/	d/	d/	d/	d/
Fixed Dollar Minimum Tax	d/	d/	d/	d/	d/
Capital Base	d/	d/	d/	d/	d/
Alternative Minimum Tax	d/	d/	d/	d/	d/
Total	4	\$60,455	100.00	\$7,059	\$15,114

Table 11: Profile of New York State EZ Investment Credit by Basis of Taxation - 1999 Liability Year**Credit Earned**

Basis of Taxation	Number of Taxpayers	Amount of Credit Earned	% of Credit Earned	Median Credit Earned	Mean Credit Earned
Entire Net Income	25	\$3,387,394	5.29	\$17,841	\$135,496
Fixed Dollar Minimum Tax	61	5,914,749	9.23	21,990	96,963
Capital Base	7	4,912,302	7.66	109,356	701,757
Alternative Minimum Tax	94	49,877,276	77.82	22,799	530,609
Total	187	\$64,091,721	100.00	\$22,535	\$342,736

Credit Claimed

Basis of Taxation	Number of Taxpayers	Amount of Credit Claimed	% of Credit Claimed	Median Credit Claimed	Mean Credit Claimed
Entire Net Income	28	\$4,001,283	2.46	\$18,880	\$142,903
Fixed Dollar Minimum Tax	67	28,832,238	17.70	59,510	430,332
Capital Base	8	5,416,206	3.33	57,151	677,026
Alternative Minimum Tax	107	124,633,827	76.52	65,219	1,164,802
Total	210	\$162,883,554	100.00	\$57,260	\$775,636

Credit Used

Basis of Taxation	Number of Taxpayers	Amount of Credit Used	% of Credit Used	Median Credit Used	Mean Credit Used
Entire Net Income	26	\$3,794,650	8.83	\$18,880	\$145,948
Fixed Dollar Minimum Tax	23	369,785	0.86	3,141	16,078
Capital Base	6	69,532	0.16	4,613	11,589
Alternative Minimum Tax	82	38,748,774	90.15	4,215	472,546
Total	137	\$42,982,741	100.00	\$5,220	\$313,743

Credit Carried Forward

Basis of Taxation	Number of Taxpayers	Amount of Credit Carried Forward	% of Credit Carried Forward	Median Credit Carried Forward	Mean Credit Carried Forward
Entire Net Income	4	\$206,633	0.18	\$36,218	\$51,658
Fixed Dollar Minimum Tax	67	27,792,048	23.87	56,225	414,807
Capital Base	5	4,770,283	4.10	574,470	954,057
Alternative Minimum Tax	104	83,668,968	71.86	59,022	804,509
Total	180	\$116,437,932	100.00	\$60,554	\$646,877

Table 12: Profile of New York State ZEA Wage Tax Credit by Basis of Taxation - 1999 Liability Year**Credit Earned**

Basis of Taxation	Number of Taxpayers	Amount of Credit Earned	% of Credit Earned	Median Credit Earned	Mean Credit Earned
Entire Net Income	4	\$3,095,922	90.38	\$87,000	\$773,981
Fixed Dollar Minimum Tax	5	166,178	4.85	3,000	33,236
Capital Base	d/	d/	d/	d/	d/
Alternative Minimum Tax	d/	d/	d/	d/	d/
Total	11	\$3,425,600	100.00	\$14,500	\$311,418

Credit Claimed

Basis of Taxation	Number of Taxpayers	Amount of Credit Claimed	% of Credit Claimed	Median Credit Claimed	Mean Credit Claimed
Entire Net Income	5	\$3,108,461	88.22	\$17,277	\$621,692
Fixed Dollar Minimum Tax	d/	d/	d/	d/	d/
Capital Base	d/	d/	d/	d/	d/
Alternative Minimum Tax	6	239,847	6.81	19,396	39,975
Total	17	\$3,523,691	100.00	\$14,500	\$207,276

Credit Used

Basis of Taxation	Number of Taxpayers	Amount of Credit Used	% of Credit Used	Median Credit Used	Mean Credit Used
Entire Net Income	5	\$3,081,355	96.06	\$3,914	\$616,271
Fixed Dollar Minimum Tax	d/	d/	d/	d/	d/
Capital Base	d/	d/	d/	d/	d/
Alternative Minimum Tax	5	104,851	3.27	856	20,970
Total	12	\$3,207,595	100.00	\$3,249	\$267,300

Credit Carried Forward

Basis of Taxation	Number of Taxpayers	Amount of Credit Carried Forward	% of Credit Carried Forward	Median Credit Carried Forward	Mean Credit Carried Forward
Entire Net Income	d/	d/	d/	d/	d/
Fixed Dollar Minimum Tax	6	92,283	36.85	3,000	15,381
Capital Base	d/	d/	d/	d/	d/
Alternative Minimum Tax	6	134,996	53.91	18,798	22,499
Total	15	\$250,424	100.00	\$10,041	\$16,695

Table 13: Profile of New York State Alternative Minimum Tax Credit by Major Industry Group - 1999 Liability Year**Credit Earned**

Major Industry Group	Number of Taxpayers	Amount of Credit Earned	% of Credit Earned	Median Credit Earned	Mean Credit Earned
Unidentifiable	d/	d/	d/	d/	d/
Agriculture	d/	d/	d/	d/	d/
Mining	10	239,833	3.04	237	23,983
Construction	413	383,946	4.86	214	930
Manufacturing	390	1,472,892	18.65	414	3,777
Trans., Comm., Pub.					
Utilities Services	294	1,464,498	18.54	303	4,981
Wholesale Trade	413	450,217	5.70	208	1,090
Retail Trade	484	515,217	6.52	182	1,064
Finance, Insurance and Real Estate	861	2,111,104	26.73	283	2,452
Services	1,154	1,218,046	15.42	174	1,055
Total	4,060	\$7,898,565	100.00	\$217	\$1,945

Credit Claimed

Major Industry Group	Number of Taxpayers	Amount of Credit Claimed	% of Credit Claimed	Median Credit Claimed	Mean Credit Claimed
Unidentifiable	d/	d/	d/	d/	d/
Agriculture	d/	d/	d/	d/	d/
Mining	9	169,140	0.33	3,487	18,793
Construction	375	2,707,527	5.20	870	7,220
Manufacturing	429	9,217,355	17.72	1,454	21,486
Trans., Comm., Pub.					
Utilities Services	195	2,357,485	4.53	949	12,090
Wholesale Trade	344	1,818,095	3.49	638	5,285
Retail Trade	336	4,457,850	8.57	513	13,267
Finance, Insurance and Real Estate	550	26,556,233	51.04	780	48,284
Services	875	4,652,422	8.94	489	5,317
Total	3,156	\$52,026,401	100.00	\$686	\$16,485

Table 13: Profile of New York State Alternative Minimum Tax Credit by Major Industry Group - 1999 Liability Year (Con't)

Credit Used

Major Industry Group	Number of Taxpayers	Amount of Credit Used	% of Credit Used	Median Credit Used	Mean Credit Used
Unidentifiable	d/	d/	d/	d/	d/
Agriculture	5	8,519	0.08	569	1,704
Mining	d/	d/	d/	d/	d/
Construction	127	307,201	3.04	642	2,419
Manufacturing	72	321,644	3.18	632	4,467
Trans., Comm., Pub.					
Utilities Services	53	822,659	8.14	619	15,522
Wholesale Trade	72	241,349	2.39	417	3,352
Retail Trade	98	3,957,414	39.17	267	40,382
Finance, Insurance and Real Estate					
Services	136	1,345,262	13.32	623	9,892
	241	3,082,421	30.51	258	12,790
Total	807	\$10,102,591	100.00	\$411	\$12,519

Credit Carried Forward

Major Industry Group	Number of Taxpayers	Amount of Credit Carried Forward	% of Credit Carried Forward	Median Credit Carried Forward	Mean Credit Carried Forward
Unidentifiable	d/	d/	d/	d/	d/
Agriculture	d/	d/	d/	d/	d/
Mining	7	153,018	0.37	3,487	21,860
Construction	297	2,400,326	5.73	837	8,082
Manufacturing	386	8,895,711	21.22	1,518	23,046
Trans., Comm., Pub.					
Utilities Services	156	1,534,845	3.66	1,105	9,839
Wholesale Trade	299	1,576,734	3.76	635	5,273
Retail Trade	272	500,438	1.19	517	1,840
Finance, Insurance and Real Estate					
Services	470	25,210,980	60.14	749	53,640
	738	1,570,012	3.74	502	2,127
Total	2,666	\$41,923,839	100.00	\$698	\$15,725

Table 14: Profile of New York State Alternative Minimum Tax Credit by Size of Entire Net Income - 1999 Liability Year**Credit Earned**

Size of Entire Net Income	Number of Taxpayers	Amount of Credit Earned	% of Credit Earned	Median Credit Earned	Mean Credit Earned
Zero or Net Loss	1,145	\$3,425,984	43.37	\$287	\$2,992
\$1 - \$99,999	2,782	1,861,315	23.57	184	669
100,000 - 499,999	73	576,581	7.30	1,352	7,898
500,000 - 999,999	22	388,449	4.92	2,757	17,657
1,000,000 - 24,999,999	31	779,932	9.87	7,927	25,159
25,000,000 - 49,999,999	d/	d/	d/	d/	d/
50,000,000 - 99,999,999	d/	d/	d/	d/	d/
100,000,000 - 499,999,999	3	720,919	9.13	d/	240,306
500,000,000 - and over	0	0	0.00	0	0
Total	4,060	\$7,898,565	100.00	\$217	\$1,945

Credit Claimed

Size of Entire Net Income	Number of Taxpayers	Amount of Credit Claimed	% of Credit Claimed	Median Credit Claimed	Mean Credit Claimed
Zero or Net Loss	1,242	\$9,645,721	18.54	\$715	\$7,766
\$1 - \$99,999	1,578	2,480,163	4.77	542	1,572
100,000 - 499,999	178	1,195,555	2.30	2,558	6,717
500,000 - 999,999	39	5,963,151	11	4,156	152,901
1,000,000 - 24,999,999	96	3,890,560	7.48	8,552	40,527
25,000,000 - 49,999,999	9	1,421,593	2.73	34,775	157,955
50,000,000 - 99,999,999	5	3,157,124	6.07	51,141	631,425
100,000,000 - 499,999,999	6	18,333,507	35.24	626,817	3,055,585
500,000,000 - and over	3	5,939,027	11	d/	1,979,676
Total	3,156	\$52,026,401	100.00	\$686	\$16,485

Table 14: Profile of New York State Alternative Minimum Tax Credit by Size of Entire Net Income - 1999 Liability Year (Con't)

Credit Used

Size of Entire Net Income	Number of Taxpayers	Amount of Credit Used	% of Credit Used	Median Credit Used	Mean Credit Used
Zero or Net Loss	0	\$0	0.00	\$0	\$0
\$1 - \$99,999	595	308,746	3.06	276	519
100,000 - 499,999	111	394,476	3.90	2,039	3,554
500,000 - 999,999	24	279,860	2.77	4,244	11,661
1,000,000 - 24,999,999	61	1,665,657	16.49	4,958	27,306
25,000,000 - 49,999,999	6	723,882	7.17	34,745	120,647
50,000,000 - 99,999,999	d/	d/	d/	d/	d/
100,000,000 - 499,999,999	5	2,476,064	25	18,898	495,213
500,000,000 - and over	d/	d/	d/	d/	d/
Total	807	\$10,102,591	100.00	\$411	\$12,519

Credit Carried Forward

Size of Entire Net Income	Number of Taxpayers	Amount of Credit Carried Forward	% of Credit Carried Forward	Median Credit Carried Forward	Mean Credit Carried Forward
Zero or Net Loss	1,242	\$9,645,730	23.01	\$715	\$7,766
\$1 - \$99,999	1,248	2,171,437	5.18	571	1,740
100,000 - 499,999	95	801,079	1.91	2,688	8,432
500,000 - 999,999	21	5,683,291	13.56	4,156	270,633
1,000,000 - 24,999,999	51	2,224,903	5.31	9,212	43,626
25,000,000 - 49,999,999	4	697,711	1.66	20,741	174,428
50,000,000 - 99,999,999	d/	d/	d/	d/	d/
100,000,000 - 499,999,999	d/	d/	d/	d/	d/
500,000,000 - and over	d/	d/	d/	d/	d/
Total	2,666	\$41,923,839	100.00	\$698	\$15,725

Table 15: Profile of New York State Alternative Minimum Tax Credit by Size of Credit Used - 1999 Liability Year

Credit Earned

Size of Credit Used	Number of Taxpayers	Amount of Credit Earned	% of Credit Earned	Median Credit Earned	Mean Credit Earned
Zero	4,060	\$7,898,565	100.00	\$217	\$1,945

Credit Claimed

Size of Credit Used	Number of Taxpayers	Amount of Credit Claimed	% of Credit Claimed	Median Credit Claimed	Mean Credit Claimed
Negative	0	\$0	0.00	\$0	\$0
Zero	2,351	25,885,309	49.75	697	11,010
\$1 - \$499	443	257,011	0.49	260	580
500 - 999	127	155,496	0.30	785	1,224
1,000 - 4,999	146	544,230	1.05	2,594	3,728
5,000 - 9,999	35	319,150	0.61	7,713	9,119
10,000 - 24,999	23	331,133	0.64	14,223	14,397
25,000 - 49,999	15	600,669	1.15	34,775	40,045
50,000 - 99,999	7	948,227	2	69,289	135,461
100,000 - 499,999	6	16,359,151	31.44	312,817	2,726,525
500,000 - and over	3	6,626,025	13	d/	2,208,675
Total	3,156	\$52,026,401	100.00	\$686	\$16,485

Table 15: Profile of New York State Alternative Minimum Tax Credit by Size of Credit Used - 1999 Liability Year (Con't)

Credit Used

Size of Credit Used	Number of Taxpayers	Amount of Credit Used	% of Credit Used	Median Credit Used	Mean Credit Used
Negative	0	\$0	0.00	\$0	\$0
Zero	0	0	0.00	0	0
\$1 - \$499	445	79,979	0.79	146	180
500 - 999	127	89,338	0.88	673	703
1,000 - 4,999	146	316,588	3.13	1,766	2,168
5,000 - 9,999	35	240,789	2.38	6,933	6,880
10,000 - 24,999	23	321,969	3.19	11,935	13,999
25,000 - 49,999	15	475,692	4.71	31,052	31,713
50,000 - 99,999	7	441,578	4	57,844	63,083
100,000 - 499,999	6	1,510,633	14.95	292,675	251,772
500,000 - and over	3	6,626,025	66	d/	2,208,675
Total	807	\$10,102,591	100.00	\$411	\$12,519

Credit Carried Forward

Size of Credit Used	Number of Taxpayers	Amount of Credit Carried Forward	% of Credit Carried Forward	Median Credit Carried Forward	Mean Credit Carried Forward
Negative	0	\$0	0.00	\$0	\$0
Zero	2,352	25,885,321	61.74	696	11,006
\$1 - \$499	168	177,049	0.42	423	1,054
500 - 999	51	66,158	0.16	459	1,297
1,000 - 4,999	63	227,642	0.54	2,264	3,613
5,000 - 9,999	17	78,361	0.19	3,221	4,609
10,000 - 24,999	4	9,164	0.02	743	2,291
25,000 - 49,999	6	124,977	0.30	22,237	20,830
50,000 - 99,999	3	506,649	1	d/	168,883
100,000 - 499,999	d/	d/	d/	d/	d/
500,000 - and over	d/	d/	d/	d/	d/
Total	2,666	\$41,923,839	100.00	\$698	\$15,725

Table 16: Profile of New York State Agriculture Property Tax Credit by Basis of Taxation - 1999 Liability Year**Credit Earned**

Basis of Taxation	Number of Taxpayers	Amount of Credit Earned	% of Credit Earned	Median Credit Earned	Mean Credit Earned
Entire Net Income	4	\$29,025	5.59	\$2,502	\$7,256
Fixed Dollar Minimum Tax	40	170,003	32.76	3,347	4,250
Capital Base	3	19,176	3.70	d/	6,392
Alternative Minimum Tax	53	300,735	57.95	4,191	5,674
Total	100	\$518,939	100.00	\$3,834	\$5,189

Credit Claimed

Basis of Taxation	Number of Taxpayers	Amount of Credit Claimed	% of Credit Claimed	Median Credit Claimed	Mean Credit Claimed
Entire Net Income	4	\$29,025	5.26	\$2,502	\$7,256
Fixed Dollar Minimum Tax	40	188,421	34.14	3,347	4,711
Capital Base	3	18,951	3.43	d/	6,317
Alternative Minimum Tax	54	315,450	57.16	4,676	5,842
Total	101	\$551,847	100.00	\$3,976	\$5,464

Credit Used

Basis of Taxation	Number of Taxpayers	Amount of Credit Used	% of Credit Used	Median Credit Used	Mean Credit Used
Entire Net Income	d/	d/	d/	d/	d/
Fixed Dollar Minimum Tax	d/	d/	d/	d/	d/
Capital Base	d/	d/	d/	d/	d/
Alternative Minimum Tax	10	20,591	57.32	1,605	2,059
Total	15	\$35,925	100.00	\$1,676	\$2,395

Credit Carried Forward

Basis of Taxation	Number of Taxpayers	Amount of Credit Carried Forward	% of Credit Carried Forward	Median Credit Carried Forward	Mean Credit Carried Forward
Entire Net Income	d/	d/	d/	d/	d/
Fixed Dollar Minimum Tax	10	39,918	29.49	3,445	3,992
Capital Base	d/	d/	d/	d/	d/
Alternative Minimum Tax	17	65,647	48.49	2,544	3,862
Total	29	\$135,378	100.00	\$3,183	\$4,668

Table 17: Profile of New York State Credit for Hiring Individuals with Disabilities by Basis of Taxation - 1999 Liability Year

Credit Earned

Basis of Taxation	Number of Taxpayers	Amount of Credit Earned	% of Credit Earned	Median Credit Earned	Mean Credit Earned
Entire Net Income	30	\$124,182	59.94	\$2,100	\$4,139
Fixed Dollar Minimum Tax	14	37,520	18.11	2,100	2,680
Capital Base	d/	d/	d/	d/	d/
Alternative Minimum Tax	d/	d/	d/	d/	d/
Total	61	\$207,164	100.00	\$2,100	\$3,396

Credit Claimed

Basis of Taxation	Number of Taxpayers	Amount of Credit Claimed	% of Credit Claimed	Median Credit Claimed	Mean Credit Claimed
Entire Net Income	31	\$135,893	56.55	\$2,100	\$4,384
Fixed Dollar Minimum Tax	15	55,182	22.96	2,100	3,679
Capital Base	d/	d/	d/	d/	d/
Alternative Minimum Tax	d/	d/	d/	d/	d/
Total	63	\$240,294	100.00	\$2,100	\$3,814

Credit Used

Basis of Taxation	Number of Taxpayers	Amount of Credit Used	% of Credit Used	Median Credit Used	Mean Credit Used
Entire Net Income	29	\$132,866	80.18	\$2,100	\$4,582
Fixed Dollar Minimum Tax	10	13,526	8.16	1,273	1,353
Capital Base	d/	d/	d/	d/	d/
Alternative Minimum Tax	d/	d/	d/	d/	d/
Total	50	\$165,718	100.00	\$1,980	\$3,314

Credit Carried Forward

Basis of Taxation	Number of Taxpayers	Amount of Credit Carried Forward	% of Credit Carried Forward	Median Credit Carried Forward	Mean Credit Carried Forward
Entire Net Income	d/	d/	d/	d/	d/
Fixed Dollar Minimum Tax	15	41,656	55.86	1,569	2,777
Capital Base	d/	d/	d/	d/	d/
Alternative Minimum Tax	15	26,226	35.17	1,531	1,748
Total	35	\$74,576	100.00	\$1,440	\$2,131

Table 18: Profile of New York State Alternative Fuels Vehicle Tax Credit by Credit Component* - 1999 Liability Year

Alternative Fuels Vehicle Tax Credit					
	Credit Component	Taxpayers	Amount of Credit	Median Credit Earned	Mean Credit Earned
	Credit Earned	3	\$539,025	d/	\$179,675
	Credit Claimed	5	\$1,153,394	\$200,000	\$230,679
	Credit Used	3	\$51,431	d/	\$17,144
	Credit Carried Forward	3	\$900,895	d/	\$300,298

* The provisions of this credit allow for the transfer of excess credit to affiliates of the taxpayer.
In 1999, corporations transferred \$200,000 to affiliates.

Table 19: Profile of New York State Qualified Emerging Technology Company Tax Credits by Credit Component* - 1999 Liability Year

Qualified Emerging Technology Company Tax Credits					
	Credit Component	Number of Taxpayers	Amount of Credit	Median Credit Earned	Mean Credit Earned
	Credit Earned	16	\$448,034	\$7,500	\$28,002
	Credit Used	8	\$46,517	\$5,325	\$5,815
	Credit Carried Forward	11	\$347,017	\$7,723	\$31,547

* For this year, credit claimed is the same as credit earned.

**Table 20: Profile of New York State Industrial or Manufacturing Business Tax Credit*
by Basis of Taxation - 1999 Liability Year**

Credit Earned	Basis of Taxation	Number of Taxpayers	Amount of Credit Earned	% of Credit Earned	Median Credit Earned	Mean Credit Earned
	Entire Net Income		17	\$214,222	56.50	\$1,009
Fixed Dollar Minimum Tax		10	27,606	7.28	1,580	2,761
Capital Base		9	51,416	13.56	3,711	5,713
Alternative Minimum Tax		16	85,902	22.66	3,623	5,369
Total		52	\$379,146	100.00	\$2,536	\$7,291

Credit Used	Basis of Taxation	Number of Taxpayers	Amount of Credit Used	% of Credit Used	Median Credit Used	Mean Credit Used
	Entire Net Income		17	\$214,222	60.93	\$1,009
Fixed Dollar Minimum Tax		8	12,415	3.53	1,425	1,552
Capital Base		9	49,630	14.12	3,711	5,514
Alternative Minimum Tax		15	75,331	21.43	3,151	5,022
Total		49	\$351,598	100.00	\$1,766	\$7,175

* The provisions of this credit do not allow a carry forward of excess credit. Therefore, credit calimed equals credit earned.

Appendix A: Credit Provisions Effective for Tax Years Beginning Prior to January 1, 2000

Investment Tax Credit

For tax years beginning on or after December 31, 1968, the investment tax credit (ITC) equaled 1 percent of the cost of new or expanded manufacturing production facilities located in New York State. By 1982, the rate had grown to 6 percent.

For tax years beginning in 1987, 1988 and 1989, the rate dropped to 5 percent of the first \$500 million of investments, and 4 percent for investments over that amount. For tax years beginning in 1990, the \$500 million threshold dropped to \$425 million and then to \$350 million for subsequent tax years.

The following table shows the rate history of the ITC beginning in 1969.

**Investment Tax Credit –
History of Tax Rates**

Investment Year	Rate and Applicable Investment Tax Credit Base
1969 - 1973	1% Optional one-year depreciation write-off for research and development property. Industrial waste treatment and air pollution facilities qualify for elective deductions.
1974 - 1977	2% Optional one-year depreciation write-off for research and development property. Industrial waste treatment and air pollution facilities qualify for elective deductions.
1978	3% Optional one-year depreciation write-off for research and development property. Industrial waste treatment and air pollution facilities qualify for elective deductions.
1/1/79 - 5/31/81	4% Optional one-year depreciation write-off for research and development property. Industrial waste treatment and air pollution control facilities qualify for elective deductions.
6/1/81 - 6/30/82	5% 10% rate on research and development property acquired after 6/30/82. Industrial waste treatment and air pollution control facilities qualify for elective deductions.
7/1/82 - 1986	6% 10% rate on research and development property. Industrial waste treatment and air pollution control facilities qualify for elective deductions.
Beginning in 1987, 1988 and 1989	5% of the first \$500 million. 4% of the amount above \$500 million. 10% rate on research and development property repealed – An optional 9% rate on research and development property becomes effective in 1987 as a component of ITC. Investments in industrial waste treatment property, air pollution control facilities no longer qualify for elective deductions, but remain eligible for ITC. Credit carryforward limited to 7 years.
Beginning in 1990	5% of the first \$425 million. 4% of the amount above \$425 million. An optional 9% rate on research and development property. Credit carryforward remained limited to 7 years.
Beginning after 1990	5% of the first \$350 million. 4% of the amount above \$350 million. An optional 9% rate on research and development property. 1994 law increased carryforward from 7 to 10 years. 1994 law extended pre-1987 ITC cutoff date from 1994 to 1997. 1997 law extended credit carryforward from 10 to 15 years. 1997 law extended pre-1987 ITC cutoff date from 1997 to 2002. ITC extended to broker/dealers (Property placed in service on or after October 1, 1998 and before October 1, 2003). 2002 law extended ITC for financial services to October 1, 2008.

In addition, taxpayers who met certain employment tests could qualify for the employment incentive credit (EIC). Prior to 1987, this credit equaled one-half of the investment credit, and was available for up to three years. However, employment in such years must have equaled at least 101 percent of the employment in the year immediately before the ITC was first claimed.

The 1997-1998 budget extended the investment tax credit and employment incentive credit carryforward period from 10 to 15 years. Any unused pre-1987 credits will now be available until 2002 to provide relief for businesses. Post-1986 credits will have a 15 year carryforward.

For investments made on or after January 1, 1987, the EIC is a two-year credit described in the following table:

History of Tax Rates of the Employment Incentive Credit	Average Number of Employees During the Tax Year Expressed as a Percentage of Those in the Employment Base Year	Additional Credit as a Percentage of the Investment Credit Base
Year Property is Placed in Service		
Tax Years Beginning in 1987, 1988 or 1989	At least 101%	2% of the first \$500 million 2.5% in excess of \$500 million
Tax Years Beginning in 1990	At least 101%, but less than 101.5%	2% of the applicable ITC base
	In excess of 101.5%	2.5% of the applicable ITC base
Tax Years Beginning After 1990	At least 101%, but less than 102%	1.5% of the applicable ITC base
	At least 102%, but less than 103%	2% of the applicable ITC base
	At least 103%	2.5% of the applicable ITC base

Rehabilitation Credit for Historic Barns

Taxpayers may claim a corporate franchise tax credit for the rehabilitation of historic barns in New York State. The credit equals 25 percent of qualified rehabilitation expenditures. The definition of a qualified rehabilitated barn has the same meaning as a “qualified rehabilitated building” for purposes of the federal rehabilitation credit under Section 47 of the Internal Revenue Code. In accordance with federal law for rehabilitation of historic buildings, the barn must be first placed in service before 1936 and would only qualify for the credit based on substantial rehabilitation. Generally, a building will have been considered substantially rehabilitated only if the expenditures exceed the greater of the adjusted basis of the barn or \$5,000. A taxpayer may not claim both the regular investment tax credit on manufacturing property and the investment tax credit for rehabilitation of historic barns on the same property.

Credit for Research and Development Property Under the ITC

Research and development (R&D) property acquired on or after January 1, 1987 qualifies for the ITC. Taxpayers may elect the regular ITC rate including the EIC, or an optional rate on R&D property of 9 percent for taxable years beginning in 1990. If taxpayers elect the higher rate, they cannot claim the EIC on the same investment.

ITC for Financial Services

An investment credit is allowed for qualified property used in the financial services industry. The rate of credit, maximum amounts, carryforward provisions, and recapture rules are generally the same as for the regular investment credit. Property eligible for this credit includes property used in the course of the taxpayer's business: as a broker or dealer in connection with the purchase or sale of stocks, bonds, commodities, or other securities; as a provider of lending, loan arrangement or loan origination services to customers in connection with the purchase or sale of securities; or as a provider of investment advisory services for a regulated investment company. In addition, qualified property includes property used in the course of the taxpayer's business as an exchange registered as a national securities exchange (such as the New York stock exchange) or a board of trade, or an entity wholly owned by one or more national security exchanges or boards of trade that provides automation or technical services to the national security exchanges or boards of trade. The credit is not allowed unless all or substantially all of the taxpayer's or affiliate's employees performing the administrative and support functions resulting from or relating to the qualifying uses of the property are located in New York State.

Special Additional Mortgage Recording Tax Credit

A credit is allowed equal to the State special additional mortgage recording tax paid on mortgages recorded after December 31, 1978. The special additional mortgage recording tax is imposed at the rate of 25 cents per \$100 on the indebtedness secured by a mortgage recorded on or after July 1, 1969. The credit is not allowed for such taxes paid on residential mortgages recorded after May 1, 1987, where the real property is located in Erie County or one or more of the counties comprising the Metropolitan Commuter Transportation District.

For periods beginning on or after January 1, 1994, taxpayers may elect to treat the unused portion of the special additional mortgage recording tax credit as an overpayment to be credited or refunded.

Job Incentive (Eligible Business Facility) Credit

Enacted in 1968, the job incentive credit applied to manufacturing and wholesaling firms. To claim the credit, the firm must have located, expanded or improved their facilities in core areas of the State's six largest cities. They must also have provided employment and training to residents of these areas. Subsequent legislation expanded the program to cover all of New York State. Legislation enacted in 1983 terminated the program. However, applications approved before July 1, 1983 continued

in effect. This credit sunsets for tax years beginning on or after January 1, 2000.

The amount of credit equaled a percentage, based on eligible wages and property in the core area, applied to pre-credit liability. A taxpayer could not have claimed both the job incentive credit and another credit for the same investment.

Empire Zone Tax
Credits/Zone
Equivalent Area
Wage Tax Credit

In 1986, New York State enacted legislation to stimulate growth in economically distressed communities. The program provides a package of tax incentives for businesses that invest or provide jobs in designated Empire Zones (EZs). Credits available to Article 9-A taxpayers include a wage credit, a capital corporation credit, and an investment tax credit.

In 1993 and 1994, New York State expanded and modified the EZ program, effective for tax years beginning on or after January 1, 1994. In 2000, the “Empire Zones Program Act” modified the EDZ program again to change the designation of “economic development zones” to “Empire Zones,” and established several new credits. Businesses that become certified as Qualified Empire Zone Enterprises can receive a tax reduction credit and a credit against property taxes paid in addition to the other Empire Zone credits.

EZ Wage Credit/ZEA
Wage Credit

Eligible taxpayers may claim a wage tax credit for up to five years for doing business and creating jobs in an EZ. The credit amounts differ for targeted and nontargeted employees. A higher credit rate applies to wages paid to targeted employees (i.e., those with low incomes or on public assistance).

As originally implemented, the credit equaled 25 percent of targeted eligible wages for the first tax year, declining by 5 percent per year for each of the following five years. The corresponding credit for nontargeted employees equaled one-half of these amounts. The total credit could not exceed 50 percent of pre-credit tax liability.

To qualify for the credit, taxpayers must have filled 20 percent of new zone jobs with zone residents, or with residents of census tracts bordering the EZ. In addition, the employer must have shown a statewide and zonewide net employment gain. Ceilings limited the credits.

Beginning on or after January 1, 1994, the wage credit was simplified. The EZ wage credit was based on the average number of newly hired employees. The first component of the credit equaled the product of the average number of newly hired targeted EZ employees multiplied by \$1,500. The corresponding credit amount for other employees equaled the product of the average number of newly hired nontargeted EZ employees receiving EZ wages multiplied by \$750. Beginning on or after January 1, 2001, the credit amounts increased to \$3,000 for each targeted employee and \$1,500 for each nontargeted employee. Both credits became available for five years.

For tax years beginning on or after January 1, 1994, a similar credit was provided for eligible businesses located in ZEAs. Taxpayers employing individuals in ZEAs could claim a two-year wage tax credit for EZ wages paid to full-time employees in a ZEA. In year one, the credit equaled \$1,000 multiplied by the average number of newly hired targeted employees and \$500 multiplied by the average number of newly hired nontargeted employees. In year two, the credit decreased to \$500 per targeted employee and \$250 per nontargeted employee. Beginning on or after January 1, 2001, the credits became available for five years and the amounts are now \$3,000 for each targeted employee and \$1,500 for each nontargeted employee. The credit amounts remain the same throughout the five years.

The total EZ or ZEA wage tax credit cannot exceed 50 percent of tax due (before credits). Taxpayers may carry forward unused credits indefinitely. In lieu of a carryforward, “new business” taxpayers may elect to have unused credit refunded.

EZ Capital Corporation Tax Credit

Under the corporation franchise tax, a credit applied to the consideration paid for original issue stock purchased from an Empire Zone capital corporation. These are corporations designed to raise money for investment in zone businesses. The credit equaled 25 percent of the amount paid for the stock, up to a lifetime maximum of \$100,000. In any tax year, the credit could not exceed 50 percent of the taxpayer’s pre-credit liability. Taxpayers could carry forward unused amounts indefinitely. A recapture provision applied if the taxpayer disposes of the investment within 36 months of acquisition.

For tax years beginning on or after January 1, 1994, the law was amended to allow the EZ capital credit for investments in capital

corporations, direct equity investments in certified zone businesses, and contributions to community development projects. The new credit equals 25 percent of the sum of each type of investment. The lifetime maximum credit per taxpayer equals \$100,000 in each category for an aggregate limit of \$300,000.

EZ Investment Tax Credit

Production property acquired or built in an EZ may qualify for an investment tax credit of 10 percent. Like the regular ITC and other credits, this credit cannot reduce the tax due for any year to less than the higher of the tax on the minimum income base or the fixed dollar minimum. However, unlike other credits, corporations may carry forward any unused EZ-ITC indefinitely.

An additional 3 percent credit rate (30 percent of the ITC) applies in the three years following the year in which the corporation claimed the ITC. To qualify for this second credit, the taxpayer's employment in the EZ (excluding general executive officers) must equal at least 101 percent of its average employment in the year prior to earning the ITC.

Effective January 1, 1994, the EZ-ITC was amended to allow new businesses to elect a refund of the unused credit in lieu of a carryforward. Remaining provisions of the EZ-ITC did not change.

EZ Investment Tax Credit for Financial Services

Corporations, banks and personal income taxpayers that are brokers or dealers in securities and are located in an Empire Zone can receive the EZ-ITC for equipment or buildings used in the broker/dealer activity and in activities connected with broker/dealer operations such as the provision of investment advice, and lending activities associated with the purchase and sale of securities. The credit allowances are the same as the EZ-ITC.

Alternative Minimum Tax Credit

Taxpayers began to accumulate the alternative minimum tax (AMT) credit in 1990. Beginning in 1991, taxpayers can claim the AMT credit against their regular tax (entire net income base) for a portion of AMT paid in 1990 and subsequent years. A taxpayer could use the AMT credit to reduce their regular tax liability to the fixed dollar minimum, the capital base, or the minimum taxable income base, whichever was higher. The credit cannot be used against the subsidiary capital base.

The calculation of the minimum tax credit involves a two-step process. The taxpayer calculates a "tentative" minimum tax by subtracting from

the minimum tax the highest of the tax on entire net income, the tax on business and investment capital or the fixed dollar minimum tax. In the second step, corporations recalculate the minimum tax they would have paid, accounting for only two specific tax preferences. The first is the preference related to depletion under IRC Section 57(a)(1). The second is the preference related to the appreciated property charitable deduction under IRC Section 57(a)(6)(b). In addition, prior to 1994, both minimum tax calculations disallowed the NOL deduction, and required single weighting of the receipts factor. Corporations reduce this recalculated minimum tax by the highest of the tax on entire net income, the tax on business and investment capital or the fixed dollar minimum tax. The result of subtracting the recalculated minimum tax credit from the “tentative” minimum tax credit equals the minimum tax credit available for subsequent years.

Effective for taxable years beginning in 1994, taxpayers may claim an AMT credit against regular (ENI-based) tax liability for part of the net operating loss deduction not used in computing the AMT. Taxpayers may calculate the AMT credit retroactively for taxable years after 1989 and carry forward the credit indefinitely. The pre-1994 net operating loss component is subject to a five-year transition rule, beginning in taxable years after 1993 and ending before 1999. Under the transition rule, a taxpayer may use up to 20 percent of the credit in each of the five years beginning with the 1994 tax year. The taxpayer will have available the remainder of any unused credit for tax years after 1999.

Mortgage Servicing Tax Credit

Mortgage bankers, registered under Article 12-D of the Banking Law and that meet certain regulatory requirements established by the State of New York Mortgage Agency (SONYMA), may claim a credit against their franchise tax. The credit equals 2.93 percent of the total principal and interest collected by the bank for each SONYMA mortgage secured by a one-to-four family residence. In addition, mortgage bankers may receive an amount equal to the interest collected during their taxable year on each SONYMA mortgage, secured by a five or more family residence, multiplied by a fraction. The fraction depends on the types of properties which secure the serviced mortgage loans. The credit may be applied against the mortgage banker’s liability to reduce their liability to zero. There is no carryforward of any excess credit.

Agriculture Property Tax Credit

Eligible farmers may claim a real property tax credit against the corporate franchise tax. The credit is available to an eligible farmer defined as a taxpayer whose gross income from farming is at least 2/3 of total gross income. Eligible farmers also include those who paid school district property taxes on qualified agricultural property pursuant to a land contract. The credit equals the total school property taxes paid on qualified agricultural property in the State up to the acreage limitation, and 50 percent of the school taxes paid on acres in excess of the limitation. The acreage limitation equals 100 acres in 1997 and 250 acres after 1997. The credit is phased out for taxpayers with New York adjusted gross income (entire net income) in excess of \$100,000. Recapture provisions provide for an add back of the credit if the taxpayer converts the property to a nonqualified use in the two years subsequent to the first year of the credit.

Credit for Employing Individuals with Disabilities

Employers who employ individuals with disabilities may claim a credit for a portion of wages paid to such individuals. The credit equals 35 percent of the first \$6,000 of first year wages paid to the disabled employee (a maximum of \$2,100 per employee). However, if the first year's wages qualify for the federal work opportunity tax credit, the New York credit will apply to second year wages. Unused credits are not refundable but they may be carried forward indefinitely. To become eligible for the State credit, the disabled employee must work for the employer on a full time basis for at least 180 days or 400 hours, and must be certified as disabled by the State Education Department. Visually handicapped individuals may receive certification from the appropriate agency responsible for vocational rehabilitation of the blind and visually impaired.

Alternative Fuels Vehicle Tax Credit

A tax credit is allowed for electric vehicles, clean fuel vehicles using natural gas, methanol and other alternative fuels, qualified hybrid vehicles and clean fuel refueling facility property. For corporate franchise taxpayers, the credits may be transferred to affiliates. The tax credits equal: 50 percent of the incremental cost of new electric vehicles registered in New York (capped at \$5,000 per vehicle); 60 percent of the cost of new clean-fuel components for alternative fuel vehicles registered in New York (capped at \$5,000 per vehicle with a gross vehicle weight rating of 14,000 pounds or less, and \$10,000 for those over 14,000 pounds); \$2,000 for qualified hybrid vehicles; and 50 percent of the cost of new clean-fuel refueling property used in a trade or business. For tax years beginning on or after January 1, 2000, the credits apply to electric

vehicles and clean fuel vehicle property sold or leased to governmental agencies. The vehicles must be manufactured in New York State. In addition, the manufacturing and processing activities relating to the vehicles must create at least 25 full time jobs in New York.

Qualified Emerging Technology Company Tax Credits

The New York State Emerging Industry Jobs Act provides corporate franchise tax credits for qualified emerging technology companies that create new jobs, or for certain corporate taxpayers that invest in emerging technology companies located in New York State. The credits include an employment tax credit of \$1,000 for each individual employed over a base year level and a capital tax credit that varies in amount depending on how long the investment is held.

Industrial or Manufacturing Business Credit

Industrial or manufacturing businesses (IMBs) are allowed a credit against taxes due under Article 9-A. The credit is the sum of taxes paid during the taxable year, due under the provisions of Tax Law Sections 186-a, 186-c, 189 and 189-a of Article 9 for gas, electricity, steam, water or refrigeration; or the services of providing such, where they are used or consumed in New York. Energy providers furnish taxpayers, on request, with information on the amounts due and paid for these taxes during the taxpayer's liability year. Businesses qualifying for the IMB include any that meet the definition of such businesses under the ITC. That is, any business which during the taxable year is principally engaged in: manufacturing, processing, assembling, refining, mining, extracting, farming, agriculture, horticulture, floriculture, viticulture, commercial fishing or research and development; or is an industrial waste treatment facility or an air pollution control facility; or is principally engaged in a combination of such activities.

Fixed Dollar Minimum Tax

New York's corporate franchise tax law also imposes a fixed dollar minimum tax, which varies according to a taxpayer's gross payroll.

Gross Payroll Amount	Fixed Dollar Amount	
	Tax years beginning before July 1, 1999	Tax years beginning on or after July 1, 1999
\$6,250,000 or more	\$1,500	\$1,500
\$1,000,001 to \$6,250,000	\$ 425	\$ 425
\$250,001 to \$1,000,000	\$ 325	
\$500,001 to \$1,000,000		\$ 325
\$250,001 to \$500,000		\$ 225
\$250,000 or less	\$ 100	\$ 100

A fixed dollar minimum of \$800 applies to essentially inactive (i.e., shell) corporations that meet certain conditions, including:

- gross payroll of \$1,000 or less;
- total gross (i.e., everywhere) receipts of \$1,000 or less; and
- gross assets with an average value of \$1,000 or less.

Changes in State Budgets

The following section provides a brief summary of new tax credits and changes to existing tax credits that were contained in state budgets. Each year, the Office of Tax Policy Analysis publishes a *Summary of Tax Provisions* which offers a more detailed discussion of budget and tax credit provisions.

Changes in 1996-97 State Budgets

- *Credit for Rehabilitation of Historic Barns*

Effective for taxable years beginning on or after January 1, 1997, the ITC was expanded to allow a corporate franchise tax credit for the rehabilitation of historic barns in New York State.

The credit equals 25 percent of qualified rehabilitation expenditures paid or incurred for any barn located in New York State that is a qualified rehabilitated building. The definition of a qualified rehabilitated building has the same meaning as that used for the federal rehabilitation credit under Section 47 of the Internal Revenue Code. For purposes of the historic barn credit, a barn is defined as a building originally designed and used for storing farm equipment or agricultural products or for housing livestock, but does not include barns converted to residential purposes. In accordance with federal law for rehabilitation of historic buildings, the barn being rehabilitated must have been placed in service before the commencement of the rehabilitation work, and it either must be a certified historic structure or must have been first placed in service before 1936. It only qualifies for the credit based on substantial rehabilitation. Generally, a building will have been considered substantially rehabilitated only if the expenditures exceed the greater of the adjusted basis of the barn or \$5,000. A taxpayer may not claim both the regular ITC on manufacturing property and the ITC for rehabilitation of historic barns on the same property.

- *Agricultural Property Tax Credit*

Effective for taxable years beginning in 1997, eligible farmers may claim a real property tax credit against the corporate franchise tax. A farmer is defined as a taxpayer whose gross income from farming is at least 2/3 of total gross income. The credit equals the total school district property taxes paid on qualified agricultural property in the State up to the acreage limitation, and 50 percent of the school taxes paid on acres in excess of the limitation. The acreage limitation equals 100 acres in 1997, 175 acres in 1998, and 250 acres after 1998. The credit is phased out for taxpayers with New York adjusted gross income (entire net income) in excess of \$100,000. Recapture provisions apply if the taxpayer converts the property to a nonqualified use within 2 years.

Changes in 1997-98 State Budgets

- *Alternative Fuels Vehicle Credit*

This new law allowed credit for electric vehicles, clean fuel vehicles using natural gas, methanol and other alternative fuels, and clean fuel refueling facility property.

The tax credits equal 50 percent of the incremental cost of a new electric vehicle (up to \$5,000); 60 percent of the cost of new clean-fuel components for alternative fuel vehicles (up to \$5,000 per vehicle with a gross weight rating of 14,000 pounds or less, and \$10,000 per vehicle with a gross weight rating over 14,000 pounds); and 50 percent of the cost of new clean-fuel refueling property used in a trade or business.

The tax credits are available for property placed in service in taxable years beginning on or after January 1, 1998.

- *Credit for Employers Who Hire Persons with Disabilities*

A tax credit was created for employers who employ individuals with certified disabilities and who are considered full time for at least 180 days or 400 hours. The credit equals 35 percent of the first \$6,000 of first year wages paid to a disabled employee (up to \$2,100 per employee). However, if the first year wages qualify for the federal work opportunity tax credit, the New York credit will apply to second year wages. The credit is effective for tax years beginning on

or after January 1, 1998 with respect to workers who begin work on or after January 1, 1997. Unused credits are not refundable but may be carried forward indefinitely.

- *Investment Tax Carryover*

The budget extended the investment tax credit carryforward from ten to 15 years. Any unused pre-1987 credits will be available until 2002 and post-1986 credits will have a 15-year carryforward.

Changes in 1998-99 State Budgets

- *Investment Tax Credit for Broker/Dealers in the Financial Securities Sector*

The investment tax credit (ITC) available to corporations for manufacturing operations, was extended to corporations, banks and personal income taxpayers that are brokers or dealers in securities. The credit is available for equipment or buildings used in the broker/dealer activity and in activities connected with broker/dealer operations such as the provision of investment advice, and lending activities associated with the purchase and sale of securities. The credit was also extended to national security exchanges.

The ITC provides a credit of 5 percent of the cost of qualified expenditures of up to \$350 million. Qualified expenditures in excess of \$350 million are eligible for a 4 percent credit.

Eligibility for the credit requires the location of the employees performing the administrative and support functions associated with the qualifying use of the equipment to be substantially within New York. Taxpayers that lease property to an affiliated broker/dealer or exchange are eligible for the credit.

The credit is available for property placed in service for the five year period between October 1, 1998 and September 30, 2003. Subsequent legislation extended the sunset date to September 30, 2008.

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- “*New York State Emerging Industry Jobs Act*”

The “New York State Emerging Industry Jobs Act” provided Article 9-A tax credits for qualified emerging technology companies that invest in research and development in New York State.

The provisions include an employment tax credit equal to \$1,000 for each individual employed full time over a base year level. The credit is allowed only in the first taxable year in which it is claimed and in each of the next two taxable years. The credit may be carried forward indefinitely. A taxpayer qualifying as a new business may treat the carry over as an overpayment to be credited or refunded.

The law also established two emerging technology capital credits that vary depending on how long the investment is held. The credit equals 10 percent of qualified investments held during the four years following the year the credit is first claimed. The total amount of the credit allowed for all years is capped at \$150,000. For investments held during the nine years following the year the credit is first claimed, the credit equals 20 percent. The total amount of the credit allowed for all years is capped at \$300,000. If the investment is disposed of prior to a predetermined standard based on the level of credit claimed, there is a recapture of the credit. The credit may be carried forward indefinitely.

The credit provisions apply to tax years beginning on or after January 1, 1999.

Changes in 1999-00 State Budgets

- *Expansion of Qualified Emerging Technology Company Credit to the Remanufacturing of Certain Commodities*

The existing definition of qualified emerging technologies for purposes of the employment tax credit and capital investment tax credits was broadened. The new definition includes companies that use remanufacturing processes to restore eligible commodities. As with the original legislation enacted in 1998, the new provisions apply to qualified emerging technology companies with total annual product sales of \$10 million or less. The companies must also meet other requirements relating to research and development. The expanded definition provisions take effect for taxable years beginning on or after January 1, 2001.

- *Automated External Defibrillator Tax Credit*

A new tax credit was created for companies purchasing an automated external defibrillator. Taxpayers may claim a tax credit of \$500 for each unit purchased. The legislation takes effect for taxable years beginning on or after January 1, 2001.

- *Merger and Acquisition Provisions*

The budget legislation repealed provisions relating to mergers, acquisitions, and consolidations, and as a result prevents the elimination of investment tax credits for these companies. The provisions take effect for taxable years beginning on or after January 1, 2000.

- *Empire Zone, Zone Equivalent Area Wage Tax Credit Expansion*

The budget legislation doubled the existing wage tax credit for wages paid in Empire Zones (EZs) and Zone Equivalent Areas (ZEAs). The credit increased from \$1,500 to \$3,000 for targeted employees and from \$750 to \$1,500 for other individuals. In addition, the legislation increased, from two to five years, the period in which taxpayers may claim the ZEA wage credit. The provisions take effect for taxable years beginning on or after January 1, 2001.

- *Alternative Fuels Tax Credit Expansion*

The availability of existing alternative fuels tax credits for electric vehicles and clean fuel vehicle property was expanded. The credits now apply to such vehicles sold or leased to governmental entities. The manufacturing and processing activities relating to the vehicles must create at least 25 full time jobs in New York. The provisions apply to taxable years beginning on or after January 1, 2000. The credit is capped at \$2.5 million for the total amount allowed, and sunsets on December 31, 2001.

Appendix B: Legislative Mandate

Section 109(a) of the Business Tax Reform and Rate Reduction Act of 1987 (Chapter 817 of the Laws of 1987) requires the Commissioner of Taxation and Finance to conduct a study regarding corporate tax credits. The legislative mandate follows.

On or before December first, nineteen hundred eighty-eight and on or before December first of each year thereafter, the commissioner of taxation and finance shall submit a written report and such data and supporting documentation as are available and meaningful regarding the number of taxpayers claiming, using, and carrying forward tax credits and the total amount of such credits claimed, used, and carried forward and the median, mean and distribution of such credits for taxable years beginning during nineteen hundred eighty-four, and each subsequent year, to the extent that such information is available. Such reports shall present the latest information available reflecting amended returns filed by taxpayers and adjustments upon audit by taxpayer liability period as well as the impact of such credits upon state fiscal year revenues.

Copies of these reports shall be submitted by the commissioner of taxation and finance to the governor, the temporary president of the senate, the speaker of the assembly, the chairman of the senate finance committee and the chairman of the assembly ways and means committee. Such reports shall contain, but need not be limited to, information by industrial classification, by basis of taxation, by size of credit and taxpayer income ranges. In preparing such reports, the commissioner of taxation and finance shall ensure that the statistics are classified in a manner consistent with the secrecy requirements of tax law.



For more information concerning the data provided in this publication, please contact:

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