FINANCE
NEW • YORK
THE CITY OF NEW YORK
DEPARTMENT OF FINANCE

ANNUAL REPORT ON TAX EXPENDITURES

Fiscal Year 1993

Tax (tacks), *sb.* [1] Also 4-7 taxe, Se. 5-7 taxt (6 taxte). [app. f. TAX *v.* Appears earlier than F. *taxe* (1405 in Godef. Compl.; rare bef. 16th c.), f. *taxer* vb.; also earlier than med.L. *taxa* in Du Cange. In ME., *taxe* and *taske*, TASK *sb.*, were at first almost synonymous; but in their sense-development they were differentiated, *tax* following that of the corresponding verb, as an assessed *money* payment.]

1. A compulsory contribution to the support of government, levied on persons, property, income, commodities, transactions, etc., now at fixed rates, mostly proportional to the amount on which the contribution is levied.

'Tax' is the most inclusive term for these contributions, esp. when spoken of as the matter of *taxation,* and in such phrases as *direct* and *indirect tax* (-ee DIRECT a. 6 e, INDIRECT 2c), including also similar levies for the support of the work of such local or specific bodies as county or municipal, councils, poor law or school boards

Expenditure (ekspe-nditiŭr). [f. med.l., *expendit-us*, pa. pple. (irregularly formed after *venditus*) of *expendere* (see Expend) + - URE.]

1. The action or practice of laying out, paying away, or spending (money). Const. *of. At his own expenditure* (nonce-use): at his own expense.

1759 BURKE *On Late State Nation* Our expenditure purchased commerce and conquest. 1776 ADAM SMITH W.N. IV. ix, The collection and expenditure of the public revenue. 1873 BROWNING *Red Cott. Nt. -cap* 317 [His shop.. turned out the masterpiece.. at his own expenditure. 1874 GREEN *Short Hist.* vii. 364 Her [Elizabeth's] expenditure was.. ever miserly.

b. *transf.* The expending or laying out (of energy, labour, time) ; often with notion of waste.

1823 LAMB *Elia Ser.* I. V. (1865) 45 To grudge at the expenditure of moments. 1866 GEO. ELIOT *F. Holt* (1868) 30 He disliked all quarrelling as an unpleasant expenditure of energy. 1878 BROWNING *Poets Croisic* 54 After a vast expenditure of pains.

... OXFORD ENGLISH DICTIONARY

Tax Expenditure (tacks ekspe-nditiŭr) [N. Amer. Eng. *tax + expenditure* see TAX INCENTIVE] 1. A revenue loss attributable to a provision of the tax law that allows a special exclusion, exemption, or deduction from gross income or which provides a special credit, preferential rate of tax or deferral of tax liability. 1990 NYC DEP. OF FINANCE *Annual Report on Tax Expenditures* Certain of these tax expenditures are designed to foster economic development..

... NYC DEPARTMENT OF FINANCE

FINANCE
NEW • YORK
KATHLEEN GRIMM
ACTING COMMISSIONER

November 1993

Dear Readers:

This report is the fourth annual report on New York City tax expenditure programs produced by the Department of Finance, in compliance with New York City Charter Section 240. The report covers programs which were in effect during Fiscal Year 1993.

The report is intended to inform City residents and elected officials about special tax incentive and credits which are enacted for economic development and tax equity purposes. Revenue estimates are provided for all tax expenditure programs for which data are available and detailed distributional information is presented to provide insights into the recipient population. In addition, the report provides comparative information on the tax expenditure policies of other jurisdictions.

The report was produced by the Office of Tax Policy under the direction of Associate Commissioner Israel Schupper, Property Director Fran Joseph and Research Director Michael Hyman. Report staff were Antonio Ampil, Margaret Graf, and Barbara Rosenberg; revenue estimates were provided by the Tax Policy Business Tax Statistics Unit and other research staff.

I believe the reader will find this report a valuable reference source. It is intended to contribute to open government and to help the public evaluate the policy decisions of its representatives.

Sincerely,

Kathleen Grimm

Kathleen Grimm

THE CITY OF NEW YORK • DEPARTMENT OF FINANCE • 1 CENTRE STREET • SUITE 500 • NEW YORK • NY 10007

ANNUAL REPORT ON TAX EXPENDITURES OF THE CITY OF NEW YORK
Fiscal Year 1993

Prepared by the
NYC DEPARTMENT OF FINANCE
ON BEHALF OF MAYOR DAVID N. DINKINS

Kathleen Grimm
Acting Commissioner of Finance

EXECUTIVE SUMMARY

New York City furthers its social and economic objectives through a variety of programs. Some programs are funded by direct governmental appropriations; others are funded by reductions in tax liability and are referred to as "tax expenditures." In recent years, there has been an increasing awareness of the need to account for the impact of tax expenditures on public budgets. The federal government and several states now require annual reporting on tax expenditures. This report is the fourth annual accounting of New York City tax expenditures, as mandated by the new City Charter. The report identifies and describes the tax expenditure programs of taxes administered by the City, and provides estimates for items for which data are available.

There are <u>more than fifty tax expenditure programs</u> related to City-administered taxes. <u>The Real Property Tax is the City's single largest source of tax revenue, $7.9 billion in fiscal 1993, and of tax expenditures, more than $1.6 billion.</u>

- Housing benefits comprise 59 percent of the value of real property tax expenditures. Tax incentives are provided for new construction or rehabilitation of various types of residential properties, ranging from small homes to apartment buildings.

- Economic development incentives which benefit commercial and industrial taxpayers comprise 36 percent of City real property tax expenditure costs.

- Five percent of City real property tax expenditure benefits are provided directly to individual property owners and tenants through such mechanisms as veteran and senior citizen exemptions.

Business income and excise taxes account for more than half of New York City-administered tax expenditure programs. Certain of these tax expenditures are designed to foster economic development, such as tax reductions to reduce the cost of energy and relocation to the outer boroughs. Other tax expenditures are created for cultural and social objectives such as assistance to the dramatic arts or promotion of certain types of scientific research.

The report includes tables and charts detailing tax expenditure costs, as well as lists of New York City Sales Tax exemptions and data regarding City Personal Income Tax deductions. It also includes an update of the Department of Finance's average New York City taxes per worker calculations, used in evaluating the cost-effectiveness of tax expenditure programs, and a new section providing information on NYC taxes attributable to various industry sectors based on business and personal taxes paid by businesses and employees.

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INTRODUCTION

Tax expenditures are deviations from basic tax structure which reduce taxes for specific taxpayers. Traditionally, tax expenditures have been used to alter the distribution of the tax burden and to create incentives for taxpayers to change economic behavior. Tax expenditures provide economic benefits and are often used as alternatives to direct governmental allocations. Improved reporting on tax expenditures has been a nation-wide trend in the last few years. Tax expenditure reports are currently produced by the federal government and thirty-eight states, including California, Michigan and Minnesota. In New York City, the first annual Tax Expenditure Report was produced in 1990.

The New York City Charter approved by the voters in November 1989 requires that the City provide a full accounting of local tax expenditure programs. Section 240 of the Charter mandates that an annual City tax expenditure report should include:

- a comprehensive listing of City-specific tax expenditures;
- the citation of legal authority and the objectives and eligibility requirements for each tax expenditure;
- data, as available, on the number and kind of taxpayers benefiting from City tax expenditure programs and the total value of these programs;
- data on the number and kind of taxpayers carrying forward tax benefits to future years and the total value of these carry forwards;
- data, as available, on the economic and social impact of City tax expenditure programs;
- a listing and summary of all evaluations and audits of City tax expenditure programs conducted during the previous two years.

This New York City Tax Expenditure Report for fiscal year 1993 satisfies, to the extent that data are currently available, the mandates of the City Charter. In addition, detailed distributional information for City real property tax expenditure programs and, where available, other tax expenditure programs are provided. Such data are intended to help policy makers evaluate the impact of tax benefit programs.

Part I of this report provides the criteria used to determine City tax expenditures and the methodology used in the report. Parts II and III describe tax expenditures for the Real Property Tax and business income and excise taxes, respectively. Part IV discusses the Department of Finance's approach to evaluating the economic and social impact of tax expenditure programs. Part V describes tax expenditures for the City's Sales and Personal Income Tax, which are administered by New York State. Part VI summarizes audits and evaluations of City tax expenditures which have been conducted during the previous two years. Part VII describes the main provisions of major New York City taxes.

The Appendix to the report provides the text of New York City Charter Section 240, a summary table of all state tax expenditure reports currently being produced, an update of the Finance Department's taxes-per-worker calculations, a new section ranking industry sectors based on the New York City taxes directly attributable to them and supplemental statistical data regarding City real property tax expenditures.

PART I

DEFINITION OF TAX EXPENDITURES

Defining a normal tax structure and identifying specific tax expenditure items is a subjective and controversial process. Some proponents of tax expenditure reporting recommend that tax expenditure lists be as inclusive as possible, identifying all deductions or credits which reduce the taxable base from 100 percent of income and wealth. Others recommend a more narrow definition, focusing on targeted measures that provide preferential treatment. This latter approach assumes that the definition of the taxable entity and the general rate schedule are part of the "normal" tax system.

This report utilizes the more focused approach. In accordance with City Charter requirements, it identifies provisions of City-administered taxes which are intended to confer special tax benefits. This approach focuses attention on information needed for local policy evaluation and public accountability.

Here a tax expenditure is defined as a revenue loss attributable to a provision of the tax law that allows a special exclusion, exemption, or deduction from gross income or which provides a special credit, preferential rate of tax, or deferral of tax liability.

This report classifies a provision of the tax law as a New York City tax expenditure if the following conditions are met:

City-Specific	-	The tax expenditure must derive from a tax administered by the City.
Targeted Preference	-	The tax provision has to be "special" in that it is targeted to a narrow class of transactions or taxpayers.
Clear Exception	-	The tax provision must constitute a clear exception to a general provision of the tax laws.

The "targeted preference" and "clear exception" criteria are used by the federal Office of Management and Budget for federal tax expenditure reporting purposes.

METHODOLOGY

Application of City Tax Expenditure Criteria

Parts II and III of this report identify tax expenditures of the following City-administered taxes: Banking Corporation Tax, Commercial Rent Tax, General Corporation Tax, Mortgage Recording Tax, Real Property Tax, Real Property Transfer Tax, Unincorporated Business Tax, and Utility Tax.

Tax expenditures deriving from City taxes administered by New York State, the Personal Income Tax and Sales and Use Tax, are discussed in Part V.

In order to provide a full range of information, Part II on the Real Property Tax includes programs which exist throughout New York State and others which are granted by means of public authorities.

Tax exemptions provided to government entities and to nonprofit organizations which serve the public at large are not included as City tax expenditures since such exemptions are routinely granted by states and municipalities and generally reflect conformity with federal law.

Data

Revenue estimates for property tax exemptions and abatements are for the City's fiscal year 1993 (July 1, 1992 - June 30, 1993). Estimates for business income and excise taxes are for tax year 1992, which for most taxpayers corresponds to calendar year 1992. (For Commercial Rent Tax purposes, tax year 1992 was from June 1, 1991 to May 31, 1992.) All estimates are derived from Department of Finance data, unless otherwise noted. Data for certain Payments in Lieu of Taxes (PILOTs) were provided by the City's Office of Management and Budget. Data on tax year 1992 tax benefits carried forward from prior years will not be available until 1992 tax returns are filed.

Measurement

In Parts II and III, the tax expenditure estimate provided for each item represents a direct mathematical calculation of the tax revenue foregone. The estimate is not intended to represent the potential revenue gain for the City if the expenditure were eliminated. For example, the absence of a tax expenditure may lead taxpayers to take advantage of other tax relief programs. In certain cases, the elimination of a tax expenditure may even result in a revenue loss if the benefit had been stimulating other taxable economic activity. The estimates provided in this report do not take into account the effect of tax expenditures on the economic behavior of taxpayers or on the City's overall economy.

PART II

REAL PROPERTY TAX EXPENDITURES

Overview

The real property tax represents 45 percent of New York City's total tax revenue of $17.7 billion and is the single largest source of revenue. In fiscal 1993, tax expenditures for real estate tax programs totaled more than $1.6 billion. The City provided these benefits through 173,904 exemptions and 36,081 abatements. In addition, more than 43,000 households benefitted from the Senior Citizen Rent Increase Exemption Program which provides rent relief to the qualified low-income elderly.

The City's property tax relief programs have evolved over many years in response to local housing and economic development needs. Many programs are targeted to projects in northern Manhattan and the other boroughs. In the late 1980's, benefits were curtailed or eliminated in Manhattan's central business and prime residential districts. However, in today's market, the City has made benefits available in prime Manhattan neighborhoods on a limited basis.

The City derives its authority for providing real estate tax expenditures from a variety of New York State laws, provisions in the City Charter, the City Administrative Code and underlying agency regulations. Sunset dates are included for many programs to allow for periodic review of continuing need and, if necessary, to institute revisions in the law. Annual reports are mandated for some programs. Tax expenditures are largely granted and administered by various City agencies. The City also uses State-wide programs and public agencies to provide housing and economic development incentives to the local real estate market.

A statistical appendix provides information on the distribution of housing units by residential exemption program, borough, and property type.

Tax Expenditure Purposes

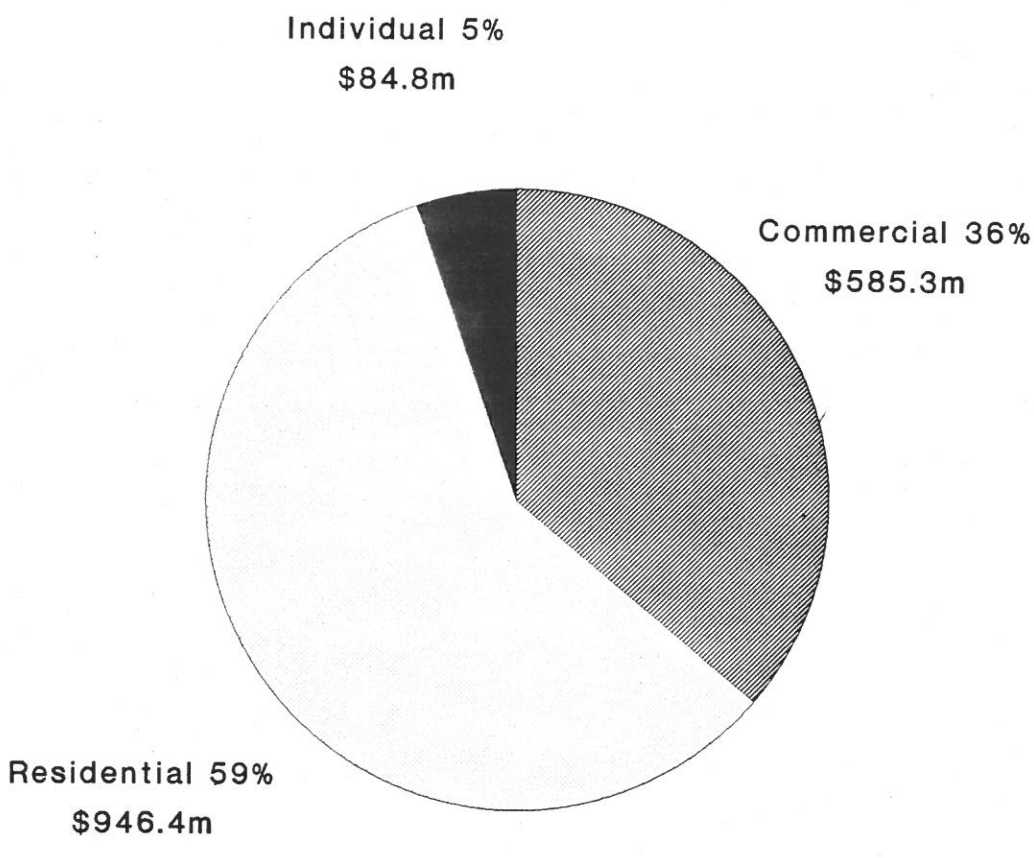
Property tax expenditures support residential, commercial and individual assistance programs. (Chart 1)

Residential - Housing benefits comprise 59 percent of property tax expenditures, or the equivalent of $946.4 million in fiscal 1993 revenues. Tax relief is currently provided through more than 65,000 exemptions and 36,000 abatements. Different programs provide incentives for new construction or rehabilitation of small homes and/or multi-family buildings. Some programs are combined with additional financial assistance to target benefits for moderate and middle income housing. Several housing programs vary benefits on the basis of geographic criteria. The exemption benefits granted to residential properties are frequently extended to commercial space within the same building. The single largest residential incentive program is the Limited Profit Housing Companies, otherwise known as Mitchell-Lama housing.

Commercial - The value of economic development incentives is $585.3 million in fiscal 1993, 36 percent of total property tax expenditures. The City provides these benefits through more than 6,300 exemptions. The kinds of properties assisted by the commercial programs vary from hotels, retail space, and office buildings to properties involved in manufacturing and distribution activities, such as factories and warehouses. The programs will frequently provide more extensive benefits to industrial construction and renovation.

Individual Assistance - The smallest real property tax expenditure category, programs for individual assistance, totals $84.8 million in fiscal 1993. Over 102,000 exemptions currently reduce taxes for veteran and senior citizen homeowners. Additionally, 43,384 households obtain rent relief through the Senior Citizen Rent Increase Exemption Program. Senior citizen programs are based on the income of the qualifying individual who owns or occupies the property.

Real Property Tax Expenditures By Purpose, FY 1993 Total $1,616.5 million



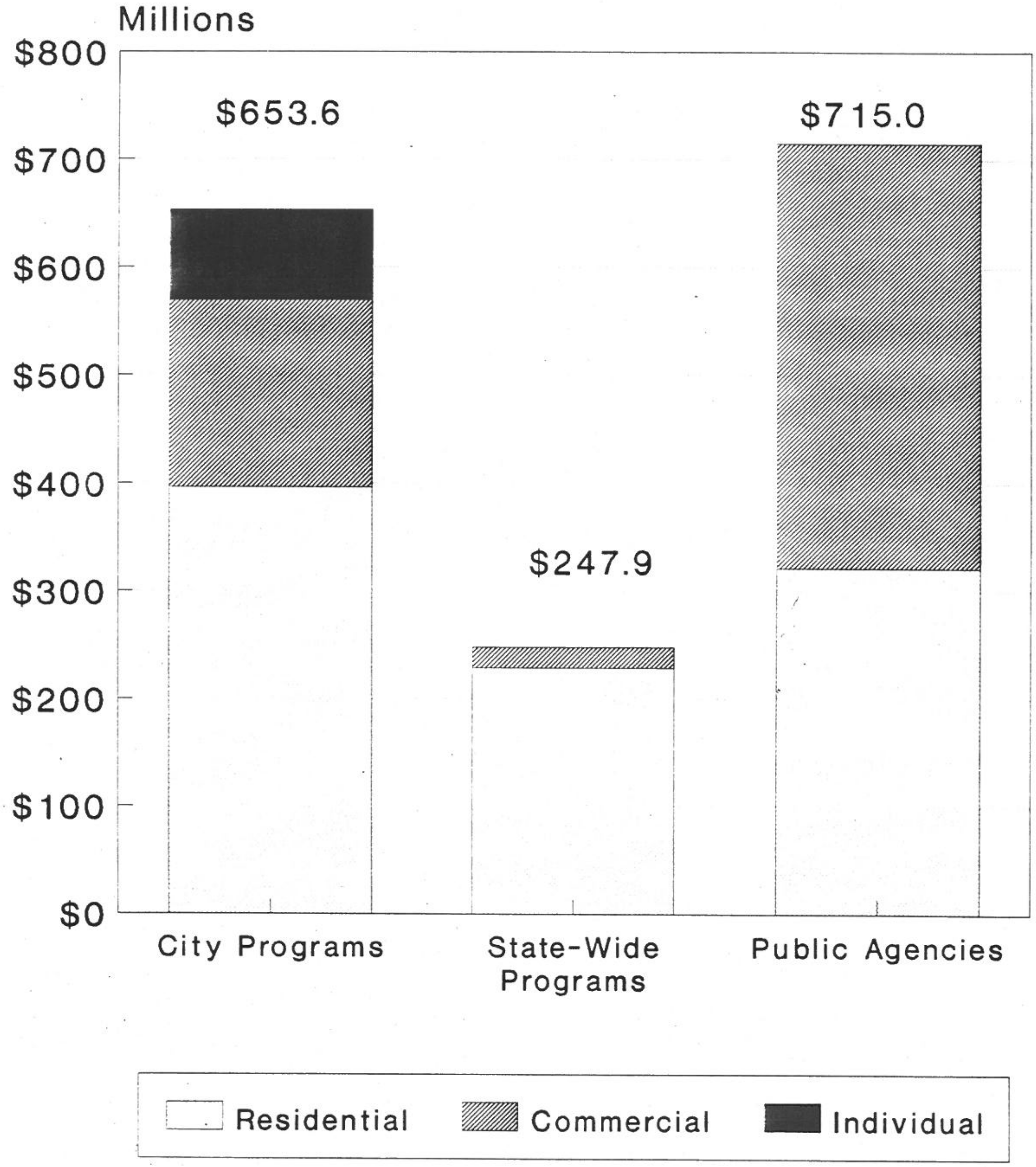
Real Property Tax

Tax Expenditure Sources

Real estate tax expenditures are provided through a large number of City programs. Various State-wide programs have been included in this report since the related exemptions are administered by the City and these programs serve as channels for housing and economic development incentives in the City. The major sources of expenditures include City and State programs and public agencies. (Chart 2)

> City Programs - This category includes local incentives granted directly by the City for housing, commercial development and individual assistance. Also included are State-wide programs in which participation is at the discretion of the locality. In fiscal 1993, tax expenditures from this source total $653.6 million or 40 percent of City-wide property tax expenditures. Residential incentives comprise 61 percent of City program expenditures and are valued at $396.1 million. Another 27 percent of City Program tax expenditures are attributable to economic development programs.
>
> State-wide Programs - These predominantly residential programs meet many of the same goals as the City programs but are not exclusive to City taxpayers. For these programs, only the gross tax expenditure is displayed. Data on the offsetting revenue, such as PILOTs and Shelter Rent, is available only for the entire category. Of the total $247.9 million of property tax expenditures in this category, 92 percent are granted to moderate and middle income housing, with the largest proportion going to Limited Profit Housing Companies.
>
> Public Agencies - Although tax exemptions are granted to all public authorities, the exempt properties included in this report benefit certain taxpayers rather than the public at large. The agencies include the City's Industrial Development Agency, the New York City Housing Authority, the State Urban Development Corporation and the regional New York-New Jersey Port Authority. In fiscal 1993, commercial and industrial projects account for 55 percent of the tax expenditures attributable to public agencies. The New York City Housing Authority accounts for 91 percent of the $321.7 million in residential tax expenditures in this category.

Real Property Tax Expenditures By Source, FY 1993



Detailed Program Descriptions:
City Programs, State-Wide Programs, and Public Agencies

The following sections provide information on tax expenditures within the real property tax. Table 1 covers City Programs, with a distribution by borough in Table 2. Similarly, Table 3 covers State-wide Programs, with a borough analysis in Table 4. Public Agencies are reviewed on a Citywide basis in Table 5, with a borough analysis provided in Table 6. Tables 1 and 2 contain data as described below:

Number of Exemptions - This column represents the quantity of exemptions under each program. Certain properties may be eligible for more than one exemption, such as the Veterans' and Senior Citizen exemptions. As a result, the number of exemptions does not coincide with the number of parcels receiving exemptions.

Exempt Assessed Value - Exemptions have the effect of excluding from the tax rolls a portion of the assessed value, whether the result of new construction (for example, the Industrial and Commercial Incentive Program) or tax relief (Senior Citizens Homeowner Exemption).

Tax Expenditures - Tax expenditures were determined by applying the appropriate tax rates to the exempt values in each category. The City's property tax system establishes separate tax rates for each of the four major classes: class one - one, two and three family homes; class two - all other residential properties; class three - property owned by utility corporations; and class four - all other properties, primarily commercial and industrial. Each exemption category was analyzed to determine the amount of exemption attributable to each of the City's four tax classes.

Residential/Commercial - In Tables 1, 3, and 5, the number of exemptions, exempt assessed value, and tax expenditure are further detailed between residential and commercial use. The residential category includes those properties designated as Tax Class One or Two. The commercial includes all others, including properties which combine residential and commercial use.

Tables 3, 4, 5, and 6 contain the following additional data as described below:

Gross Tax Expenditures - For Tables 3 and 5, gross tax expenditures are determined by applying the appropriate tax rates to the exempt values, using the same methodology that was applied for Tax Expenditures in Table 1, but not accounting for any offsetting revenues.

Payments-in-Lieu-of-Taxes (PILOTs) - Although exempt from taxation, certain properties may be contractually obligated to make payments to the City. Additionally, certain housing programs are required to pay taxes based on a shelter rent formula, defined as gross rent less utility costs. As the information is not available by exemption, shelter rent payments have been presented as a single sum.

Net Tax Expenditures - These values are determined by reducing the gross tax expenditures by applicable PILOTs. Tax abatements, which are credits used to reduce tax liability (rather than assessment reductions), are included in this column.

Following Tables 2, 4, and 6, is a complete description of the tax expenditure programs, including the legal citations, program objective,and distribution of benefits by number of housing units, number of households, and/or number of properties. Each description indicates the value of the tax expenditure and, in the 421-a and 421-b programs, the amount of property taxes generated from new construction. For programs also involving rehabilitation, such as ICIP, data for the amount of property taxes attributable to the rehabilitation are combined with property taxes existing prior to the improvement and cannot be isolated. Therefore, property tax information for such programs have not been included and this is noted in the descriptions.

Table 1
CITY PROGRAMS
REAL PROPERTY TAX EXPENDITURES
Fiscal Year 1993
($ Millions)

	Number of Exemptions	Exempt Assessed Value	Tax Expenditure
HOUSING DEVELOPMENT PROGRAMS	**97,273**	**$2,956.0**	**$406.7**
J-51 Exemptions	8,030	1,102.3	109.3
Residential	7,999	1,096.9	108.7
Commercial	31	5.4	0.6
J-51 Abatements	36,081	N/A	110.9
421-a, New Multiple Dwellings	38,140	1,708.9	171.0
10 year exemption	25,000	1,295.3	129.2
15 year exemption	11,058	280.5	28.5
25 year exemption	2,082	133.1	13.3
Residential	35,342	1,615.6	161.1
Commercial	2,798	93.3	10.0
421-b, New Private Housing	14,664	122.3	13.3
HPD Div. of Alternative Management (DAMP)	358	22.5	2.2
INDIVIDUAL ASSISTANCE PROGRAMS	**102,431**	**$307.9**	**$84.8**
Senior Citizens Homeowner Exemption	19,934	110.5	12.0
Senior Citizen Rent Increase Exemption[1]	N/A	N/A	60.2
Veterans' Exemptions	82,497	197.4	12.6

Totals may not add due to rounding.

[1] Based on the latest HPD data, 43,384 households will receive SCRIE benefits in FY 1993.

Table 1
(continued)

	Number of Exemptions	Exempt Assessed Value	Tax Expenditure
ECONOMIC DEVELOPMENT PROGRAMS	**2,180**	**$1,508.0**	**$162.1**
Industrial & Commercial Incentive Board	430	309.6	33.1
New Construction	124	77.4	8.3
Alterations	306	232.2	24.8
Industrial & Commercial Incentive Program	1,629	1,066.1	114.0
Deferral Areas [2]	93	538.4	57.6
Industrial & Special Commercial	809	254.8	27.2
All Other Commercial Projects	727	272.9	29.2
Other Commercial & Industrial Exemptions	121	132.3	15.0
Water-works Corporations	120	50.4	6.2
Major League Sports Facilities	1	81.9	8.8
TOTAL CITY PROGRAMS	**201,884**	**$4,771.9**	**$653.6**
Total Residential	94,444	2,857.3	396.1
Total Commercial/Industrial	5,009	1,606.7	172.7
Total Assistance Programs	102,431	307.9	84.8

Totals may not add due to rounding.

[2] Taxes in these areas are deferred, not wholly forgiven, and must be paid back over a ten year period. The amount shown reflects the unadjusted values of the current tax exemption.

Table 2
CITY PROGRAMS
REAL PROPERTY TAX EXPENDITURES
Borough Distribution
Fiscal Year 1993
($ Millions)

	MANHATTAN		THE BRONX	
	Number of Exemptions	Tax Expenditure	Number of Exemptions	Tax Expenditure
HOUSING DEVELOPMENT PROGRAMS	**36,022**	**$224.4**	**6,577**	**$51.3**
J-51 Exemption	3,440	55.2	804	23.7
J-51 Abatement	15,571	39.7	3,415	22.9
421-a, New Multiple Dwellings	16,822	128.1	1,175	3.2
421-b, New Private Housing	13	0.1	1,083	0.9
HPD Div. of Alternative Manage	176	1.3	100	0.6
INDIVIDUAL ASSISTANCE PROGRAMS	**385**	**$18.1**	**8,872**	**$12.6**
Senior Citizen Homeowner Exemption	60	0.1	2,338	1.4
Senior Citizen Rent Increase Exemption	N/A	17.9	N/A	10.2
Veterans' Exemptions	325	0.1	6,534	1.0
ECONOMIC DEVELOPMENT PROGRAMS	**216**	**$90.7**	**203**	**$10.8**
Industrial & Commercial Incentive Board	104	23.5	38	0.5
Industrial & Commercial Incentive Program	111	58.4	165	10.3
Other Commercial and Industrial Exemptions				
Water-works Corporation	0	0.0	0	0.0
Major League Sports Facilities	1	8.8	0	0.0
TOTAL CITY PROGRAMS	**36,623**	**$333.2**	**15,652**	**$74.7**

Totals may not add due to rounding.

Table 2
(continued)

BROOKLYN		QUEENS		STATEN ISLAND	
Number of Exemptions	Tax Expenditure	Number of Exemptions	Tax Expenditure	Number of Exemptions	Tax Expenditure
15,934	**$62.9**	**20,191**	**$51.0**	**18,549**	**$17.1**
2,712	24.4	883	5.0	191	1.0
7,673	26.9	8,786	20.7	636	0.7
4,561	10.3	9,490	24.1	6,092	5.2
908	0.9	1,030	1.2	11,630	10.2
80	0.4	2	0.0	0	0.0
26,630	**$23.3**	**47,093**	**$26.8**	**19,451**	**$4.1**
5,787	3.5	9,563	5.8	2,186	1.2
N/A	16.6	N/A	15.3	N/A	0.2
20,843	3.2	37,530	5.7	17,265	2.7
438	**$10.5**	**994**	**$42.7**	**329**	**$7.5**
85	2.3	172	6.2	31	0.6
353	8.2	702	30.3	298	6.9
0	0.0	120	6.2	0	0.0
0	0.0	0	0.0	0	0.0
43,002	**$96.7**	**68,278**	**$120.5**	**38,329**	**$28.7**

Totals may not add due to rounding.

CITY PROGRAMS

J-51 Program, Residential Alterations and Rehabilitation

Citation

NYS Real Property Tax Law; Article 4, Section 489
NYC Administrative Code; Title 11, Section 11-243

Policy Objective

To encourage the rehabilitation of existing residential structures by providing tax exemptions and abatements.

Description

J-51 benefits vary based on government involvement in the rehabilitation of the property, its location, and the extent and nature of the improvement. A 1993 amendment restructured the exemption benefit for new projects. By now replacing the last two benefit years at full exemption with a four year period of declining exemption, a less abrupt transition to full taxation is achieved with no revenue impact. Additionally, this amendment increases the number of properties eligible for the abatement benefit by increasing the assessed value limitation imposed on multiple dwellings, other than condominiums or cooperatives, from $30,000 to $40,000.

Government assisted projects and those in Neighborhood Preservation Areas receive enriched benefits, including a tax exemption for 34 years (30 years at full exemption followed by a four year period of declining exemption) on the increase in assessed value due to renovation or rehabilitation, and an abatement that may equal the actual claimed cost, applied at a rate of 12.5 percent annually, for up to 20 years. Substantial rehabilitation of formerly City-owned buildings receiving substantial government assistance through a program for affordable housing may also receive a 34 year exemption and an abatement up to 150 percent of the reasonable cost of rehabilitation. In 1993, these enriched exemption and abatements benefits were extended to conversions of Class A multiple dwellings and rehabilitation of Class A buildings that are not entirely vacant, pursuant to the above conditions.

Properties that undergo renovations which qualify as Major Capital Improvements, such as the replacement of heating, plumbing or roofing systems, installation of new windows, or exterior and parapet wall repointing, may receive an exemption for 14 years (10 years at full exemption followed by a four year period of declining exemption). Existing taxes may be abated for up to 90 percent of the reasonable cost of rehabilitation, at a rate of 8-1/3 percent per year, for as long as 20 years. Buildings in designated areas of Manhattan below 96th Street may only abate the taxes on the building assessment, not the land, up to $2,500 per unit.

J-51 Program, Residential Alterations and Rehabilitation (cont'd)

Moderate Rehabilitation projects, where there is a significant improvement to at least one major building-wide system, receive a 34 year tax exemption and an abatement, of no more than 20 years, for up to 100 percent of the reasonable cost. A major requirement is that the property remain substantially occupied during the rehabilitation.

Rental units must remain under rent regulation during the benefit period. Benefits are also available to cooperatives, condominiums, and Mitchell-Lama housing, with some limitations.

In 1993, the J-51 program was extended until June 1, 1996. Work performed under the program must be completed by December 31, 1999.

Distributional Information

In fiscal 1993, the J-51 program provides 8,030 exemptions and 36,081 abatements to 618,503 apartments. The exempt value of these properties is $1,102 million. An additional 574 units and $0.3 million in exempt assessed value is also attributed to mixed used buildings in which either retail or office space is combined with residential units. This total exempt value of $1,097.1 million is distributed in the table below according to property type. Rentals in Manhattan, the Bronx, and Brooklyn, and coops in Manhattan receive the largest proportion of J-51 benefits.

	Percent of Total Units	Percent of Exempt Assessed Value
1-3 Family	0.06%	0.04%
Condos	2.33%	13.24%
Co-ops	30.70%	29.25%
Rentals	66.82%	57.44%
Mixed Use	0.09%	0.03%
	100.00%	100.00%

Tax Expenditure

$220.2 million, which includes a $109.3 million exemption and a $110.9 million abatement.

Tax Revenue Generated from Improvements

Not Available

Section 421-a, New Multiple Dwellings

Citation

NYS Real Property Tax Law; Article 4, Section 421-a
NYC Administrative Code; Title 11, Section 11-245

Policy Objective

To promote construction of multi-family residential buildings with at least three dwelling units, by providing a declining exemption on the new value created by the improvement.

Description

The Section 421-a Program is used to promote multi-family residential construction by providing a declining exemption on the new value created by the improvement. The program has been amended since its initial enactment in the early 1970's to expand benefits based on location and other qualifying conditions, which include: (a) substantial government assistance; (b) at least 20 percent of the units must be reserved for low and moderate income occupants; or (c) participation in the lower income housing production program. All projects are eligible for exemption during the construction period which may not exceed three years.

The 421-a program is defined according to location:

- In the Manhattan Exclusion Zone (roughly defined as south of 96th Street, north of Houston Street on the west side, and north of 14th Street on the east side), properties receive a ten year declining exemption only if they meet conditions (a), (b), or (c) above. The property enjoys a full exemption for two years followed by an eight year period during which taxes are phased in at 20 percent every two years.

- Properties located in Manhattan south of 110th Street, but not in the Exclusion Zone, receive a 20 year exemption if construction commences after July 1, 1992 but before July 1, 1995 and if the project meets qualifying conditions (a) or (b). The property will receive a full exemption for twelve years followed by an eight year period during which taxes are phased in at 20 percent every two years.

- However, if the properties specified in the above paragraph do not commence construction after July 1, 1992 but before July 1, 1995, they will receive only a ten year exemption, unless they meet conditions (a), (b), or (c). If one of these conditions are met, they are granted a 15 year exemption, 11 years of full exemption followed by a four year phase in of full taxation.

- Properties in Manhattan north of 110th Street and in the other four boroughs are granted the same 15 year exemption. However, if they meet one of the qualifying conditions or

Section 421-a, New Multiple Dwellings (cont'd)

are located in a neighborhood preservation area, they receive full exemption for 21 years followed by a four year declining exemption.

Rental projects are subject to the provisions of the Rent Stabilization Act during their exemption period.

In 1993, the 421-a program was extended an additional four years. All projects, except Manhattan projects receiving a 20 year exemption, must now commence construction by January 1, 1998 and complete construction by December 31, 1999.

Distributional Information

In fiscal 1993, the City is providing 35,342 residential exemptions under the 421-a program. These exemptions are largely represented by condominium apartments and rental buildings. Overall, there are 50,705 apartment units receiving tax benefits with an exempt value of $1,615.6 million. This total exempt value is distributed in the table below according to property type. Condos and rentals in Manhattan account for the largest proportion of 421-a benefits.

	Percent of Total Units	Percent of Total Exempt Assessed Value
1-3 Family	4.62%	1.35%
Condos	66.44%	61.91%
Co-ops	2.42%	2.40%
Rentals	26.50%	34.34%
Mixed Use	0.02%	0.00%
	100.00%	100.00%

Tax Expenditure

$171.0 million

Tax Revenue Generated from Improvements

$44.3 million

Section 421-b, New Private Housing

Citation

NYS Real Property Tax Law; Article 4, Section 421-b

Policy Objective

To promote new one and two family housing construction by making it more affordable to a larger segment of the population.

Description

The 421-b program provides a declining eight year property tax exemption for the construction of one and two family homes. There are no geographic restrictions.

As in other programs, the building assessment is exempt during the construction period, not to exceed two years. Thereafter, the property is fully exempt for an additional two years. In the third year, the exemption is reduced to 75 percent and declines by 12-1/2 percent in each subsequent year, until the ninth year when the property becomes fully taxable. The exemption is applicable only to the value of the new construction; the property owner must continue to pay taxes on the pre-construction assessment.

In 1993, the 421-b program was extended an additional four years. Projects must now start construction prior to July 1, 1998 and complete construction no later than July 1, 2000.

Distributional Information

In fiscal 1993, the City is providing 14,664 exemptions valued at $122.3 million in exempt assessed value. One and two family homes in Staten Island account for 77 percent of the benefits granted through this program. The table below presents the distribution of 11,917 apartment units in 6,849 properties. Unit information is not available for the remaining 7,814 properties. The distribution of exempt assessed value below represents all properties in this program.

Section 421-b, New Multiple Dwellings (cont'd)

	Percent of Total Units	Percent of Exempt Assessed Value
1-3 Family	99.70%	99.10%
Condos	0.12%	0.08%
Co-ops	0.02%	0.00%
Rentals	0.16%	0.82%
Mixed Use	0.00%	0.00%
	100.00%	100.00%

Tax Expenditure

$13.3 million

Tax Revenue Generated from Improvements

$6.5 million

Department of Housing Preservation and Development - Division of Alternative Management Programs (DAMP)

Citation

NYS Private Housing Finance Law, Article 11
NYS Private Housing Finance Law, Section 577

Policy Objective

To return City-owned residential properties to private ownership.

Description

The Division of Alternative Management Programs operates several programs which select alternative managers for residential properties foreclosed by the City for nonpayment of taxes with the goal of returning these properties to the tax roll. These programs are known as the Community Management Program (CMP), the Tenant Interim Lease Program (TIL), the Private Ownership and Management Program (POMP), and the Urban Homesteading Program. These programs differ in the kind of alternative manager they select.

The CMP selects not-for-profit community housing organizations to manage and upgrade occupied City-owned residential buildings in their neighborhoods. The goal of the program is to sell a building to its tenants as a low income cooperative for $250 per unit.

The TIL Program helps organized tenant associations develop occupied City-owned buildings into economically self-sufficient, low-income tenant-owned cooperatives. The program provides training to the tenant associations and the rental income is used to cover operating expenses, repairs, and management fees.

The POMP provides private real estate firms an opportunity to manage, repair and eventually purchase occupied City-owned buildings. Firms which pass an initial screening enter into a contract with DAMP which allocates community development funds and capital budget funds to cover major repairs and the difference between operating costs and rent collections for the first six months. After a year of successful management under City supervision the building may be sold to the private firm.

Under the Urban Homesteading Program, organized low and moderate income families with construction skills can rehabilitate and purchase vacant buildings as low-income cooperatives. Participants receive financial and technical assistance from the City.

Department of Housing Preservation and Development - Division of Alternative Management Programs (DAMP) (cont'd)

Properties sold through DAMP receive a full tax exemption, until July 1, 2029, on the residential portion of the property that exceeds $3,500 per residential unit. Commencing July 1, 1990, this $3,500 ceiling may be increased by 6 percent per year, but not to exceed 20 percent over any five year period.

Distributional Information

In fiscal 1993, there are 358 DAMP exemptions containing 8,970 housing units. The total exempt assessed value is $22.2 million. Nearly 41 percent of all units are located in Manhattan, accounting for 56 percent of the exempt assessed value. These benefits are distributed by property type as follows:

	Percent of Total Units	Percent of Exempt Assessed Value
1-3 Family	0.03%	0.00%
Condos	0.00%	0.00%
Co-ops	27.98%	43.69%
Rentals	71.99%	56.31%
Mixed Use	0.00%	0.00%
	100.00%	100.00%

Tax Expenditure

$2.2 million

Tax Revenue Generated from Improvements

Not Available

Senior Citizen Homeowner Exemption

Citation

NYS Real Property Tax Law; Article 4, Section 467
NYC Charter; Section 167

Policy Objective

To provide real estate tax relief to elderly homeowners with limited incomes.

Description

The maximum benefit under this program is a 50 percent exemption of the taxable assessed value of a legal residence which is occupied in whole or in part by the owner or owners of the property. To qualify, homeowners must meet the following qualifications: 1) be at least 65 years of age (if married, one spouse must be 65 years old) and 2) have a combined household income, including Social Security, of less than $19,800 to qualify. Homeowners with incomes $15,000 and below receive a 50 percent exemption. For homeowners with incomes between $15,001 and $19,799, the exemption is reduced by 5 percentage points for each $600 increment in income above $15,000, up to the maximum income of $19,799, which would qualify for a 10 percent exemption.

Generally, the owner must have held title to the property for a minimum of 24 consecutive months. The exemption applies only to the portion of the property used for residential purposes.

The requirement that the property be the legal residence of all owners was amended in 1990 to permit the exemption to continue in the case of separation or divorce.

The City Council recently adopted legislation that will increase the amount of income eligible to receive the maximum exemption of 50 percent to $16,500 and the maximum income for some benefit realization to $21,299. Also, in addition to married couples, only one of two or more siblings who own property jointly need be 65 years of age to qualify for benefits. These changes will become effective with the fiscal 1994 tax roll.

The Senior Citizen Homeowner Exemption does not include a sunset provision.

Distributional Information

In fiscal 1993, there are 19,934 exemptions, containing 33,789 housing units, with an exempt value of $110.5 million. Based on the applications filed with the Department of Finance, almost 85 percent of exemptions are granted to someone with income of no more than $15,000.

Senior Citizen Homeowner Exemption (cont'd)

Degree Exempt	Income Range	Number of Exemptions	Percent of Total Exemptions	Exempt Assessed Value
50%	$0 - 15,000	16,770	84.1%	$98.5m
45%	$15,001 - 15,599	560	2.8%	3.2m
40%	$15,600 - 16,199	477	2.4%	2.3m
35%	$16,200 - 16,799	432	2.2%	1.9m
30%	$16,800 - 17,399	433	2.2%	1.6m
25%	$17,400 - 17,999	378	1.9%	1.2m
20%	$18,000 18,599	349	1.8%	0.9m
15%	$18,600 19,199	277	1.4%	0.5m
10%	$19,200 19,799	250	1.2%	0.3m
Data Not Available		8	0.0%	0.0m
	TOTAL	19,934	100.0%	$110.4m

The table below shows the distribution of benefits by property type. Since Manhattan does not have many one, two, or three family houses, this program primarily benefits properties located in the other boroughs.

	Percent of Total Units	Percent of Exempt Assessed Value
1-3 Family	98.08%	98.46%
Condos	0.46%	0.81%
Co-ops	0.00%	0.00%
Rentals	1.46%	0.73%
Mixed Use	0.00%	0.00%
	100.00%	100.00%

Tax Expenditure

$12.0 million

Senior Citizen Rent Increase Exemption (SCRIE)

Citation

NYS Real Property Tax Law; Article 4, Section 467-b
NYC Administrative Code; Title 26, Sections 26-405, 26-406, 26-509, 26-601 to 26-614

Policy Objective

To eliminate rent increases for elderly tenants with limited incomes who meet certain income guidelines.

Description

The Senior Citizen Rent Increase Exemption program (SCRIE) exempts an eligible renter from increases in rent above one-third of total household income. In return, the landlord receives a real estate tax abatement equal to the amount of rent forgiven. If the total rent increase exemption applicable to a property exceeds the taxes due, a real estate tax refund is granted.

Tenants may be eligible for the SCRIE program if they are at least 62 years old and have a total household income that does not exceed $16,500. Additionally, once tenants qualify for the program, increases in their Social Security income are excluded from the determination of total household income. Furthermore, the tenant must reside in a rent controlled, rent stabilized or rent regulated (such as, Mitchell-Lama housing) unit.

The Senior Citizen Rent Increase Exemption does not include a sunset provision.

Distributional Information

In fiscal 1993, there are 43,384 tenant households receiving SCRIE benefits, over 50 percent of which have incomes under $8,000. The following table gives a distribution of these households by income range as of March, 1993:

Senior Citizen Rent Increase Exemption (SCRIE) (cont'd)

Household Income Range	Number of Exemptions	Percent of Total Exemptions
$0 - 1,000	9	0.0%
$ 1,000 - 1,999	47	0.1%
$ 2,000 - 2,999	177	0.4%
$ 3,000 - 3,999	605	1.4%
$ 4,000 - 4,999	1,969	4.5%
$ 5,000 - 5,999	5,942	13.7%
$ 6,000 - 6,999	9,006	20.8%
$ 7,000 - 7,999	5,431	12.5%
$ 8,000 - 8,999	4,951	11.4%
$ 9,000 - 9,999	4,077	9.4%
$10,000 - 10,999	3,137	7.2%
$11,000 - 11,999	2,542	5.9%
$12,000 - 12,999	1,993	4.6%
$13,000 - 13,999	1,599	3.7%
$14,000 - 14,999	1,353	3.1%
$15,000 Or More	499	1.2%
Data Not Available	47	0.1%
Total	43,384	100.0%

Source: N.Y.C. Department of Housing Preservation and Development.

Tax Expenditure

$60.2 million (which includes $4.6 million granted to rent regulated housing projects that are required to pay taxes based on a shelter rent formula).

Veterans' Exemptions

Citation

NYS Real Property Tax Law; Article 4, Sections 458 and 458-a

Policy Objective

To provide property tax relief to qualified veterans in recognition of their service to the country and community.

Description

Partial tax exemptions are granted under two programs:.

- The original program, under Section 458, granted tax exemptions to veterans who had purchased real property using a bonus, pension, or insurance or compensation received as a prisoner of war. The exemption granted is equal to the amount of eligible funds, not to exceed $5,000; the property is, however, fully subject to tax for educational purposes. An additional exemption of up to $10,000 is provided, for all purposes, for suitable handicapped designed housing made necessary as the result of the disability.

- New veterans' exemptions are granted under Section 458-a, based on service rendered. An exemption of 15 percent of assessed value is granted to all veterans who served during a period of war, with an additional 10 percent granted to those who served in a combat zone. A disabled veteran is entitled to an additional exemption of up to 50 percent of the assessed value, based upon the veteran's disability rating.

  During the 1991 legislative session, the definition of "period of war" was extended to include the Persian Gulf conflict (commencing 8/2/90) and the definition of "veteran" was extended to include those who received the armed forces, navy, or marine corps expeditionary medals for participation in operations in Lebanon (6/1/83 to 12/1/87), Grenada (10/23/83 to 11/21/83) or Panama (12/20/89 to 1/31/90). These changes are effective with the FY 1993 tax roll.

  The property must be used exclusively for residential purposes and be the primary residence of the veteran or the surviving spouse who has not remarried. Non-residential portions of the property are fully taxable. The 458-a exemption does not apply to taxes levied for school purposes.

Veterans' Exemption (cont'd)

Distributional Information

In fiscal 1993, there are 82,497 exemptions in this program with a total exempt value of $197.4 million. These properties represent over 132,230 housing units which are primarily located outside Manhattan. These benefits are distributed by property type as follows:

	Percent of Total Units	Percent of Exempt Assessed Value
1-3 Family	96.87%	98.22%
Condos	0.49%	0.91%
Co-ops	0.01%	0.00%
Rentals	2.62%	0.87%
Mixed Use	0.01%	0.00%
	100.00%	100.00%

Tax Expenditure

$12.6 million

Industrial and Commercial Incentive Board (ICIB)

Citation

NYS Real Property Tax Law; Article 4, Section 489
NYC Administrative Code; Title 11, Section 11-247

Policy Objective

To encourage economic development by means of tax exemptions for construction or rehabilitation of commercial and industrial structures.

Description

The Industrial and Commercial Incentive Board (ICIB) was created in 1977. ICIB determined and distributed tax exemptions based on an analysis of the prospective recipient's need and the impact on the City's economy.

Initially, the program offered two types of benefits:

- New construction of industrial facilities or the rehabilitation of existing commercial or industrial buildings were granted an exemption equal to 95 percent of the incremental assessed value for a period of 19 years, declining by 5 percent annually.

- New commercial construction was granted a ten year declining exemption equal to 50 percent of the increase in assessed value.

As the City's economy improved, amendments were made to the law that restricted benefits for most commercial projects. An exception was made for commercial rehabilitation projects in areas designated as "special need", also known as "as of right" areas, which receive the same schedule of benefits as previously. The ten year, 50 percent exemption applied to all other commercial reconstruction and new construction in "special need" areas only. All other new commercial construction was limited to a 50 percent exemption declining over five years. Pursuant to a 1982 amendment, increases in assessed value that result from construction, including increases that occur within two years of completion, were eligible for exemption. Subsequent increases in assessed value are taxable.

In November 1984, the City Council enacted legislation establishing the Industrial and Commercial Incentive Program (ICIP), the successor to ICIB.

Tax Expenditure

$33.1 million

Industrial and Commercial Incentive Program (ICIP)

Citation

NYS Real Property Tax Law; Article 4, Section 489
NYC Administrative Code; Title 11, Section 11-256

Policy Objective

To encourage economic development by means of tax exemptions for construction or rehabilitation of commercial, industrial, or mixed-use structures.

Description

The Industrial and Commercial Incentive Program (ICIP) replaced the Industrial and Commercial Incentive Board in November, 1984. ICIP differs from the original program in two important respects: 1) benefits are granted on an "as-of-right" basis rather than at the discretion of a board, and are structured to encourage development outside Manhattan's business districts; and 2) the new program includes clear guidelines regarding the qualifying conditions that determine eligibility for tax exemptions. These guidelines are as follows:

- All industrial projects, regardless of location, and commercial projects in designated "special need areas" receive maximum benefits: full tax exemption on the increase in assessed value due to physical changes for 13 years followed by nine years of declining exemption, reduced by 10 percent annually. Effective September 12, 1992, during the 13 year full exemption period, these projects will also be exempt from tax increases on the building due to market value increases.

- There have been major changes in the exemptions available in Manhattan below 96th Street. New commercial construction is not eligible for benefits unless an application had been filed with the Department of Finance by December 31, 1992 and a foundation is in place on or before December 31, 1993. A 12 year exemption is available for commercial renovation projects. This consists of eight years of full exemption and four years of declining exemption. Projects in Manhattan south of 96th Street and north of 23rd Street may qualify from July 1, 1992 and thereafter. The amendment eliminates the tax deferral benefit unless there has been an application filed by December 31, 1992 and (1) for new construction, a foundation has been completed by June 30, 1993 or (2) for renovation work on an existing building, at least five percent of the minimum required expenditure has been made by June 30, 1993.

- All other commercial projects receive a 100 percent exemption for physical increases on the building for eight years and four years of declining exemption.

Industrial and Commercial Incentive Program (ICIP) (cont'd)

Exemptions are granted on the increased assessment of the improvements only. Increases in assessed value subsequent to the third year following the issuance of the certificate of eligibility are fully taxable. Effective September 12, 1992, the program was extended to the commercial or industrial portion of mixed-use buildings.

In August 1992, the City Council amended and extended the ICIP until June 30, 1999. These changes became effective September 12, 1992.

Tax Expenditure

$114.0 million

Water-works Corporations, Jamaica Water Supply

Citation

NYS Real Property Tax Law; Article 4, Section 485-d
NYC Administrative Code; Title 11, Section 11-245.2

Policy Objective

To correct an inequity between customers of the City's water system and those served by the Jamaica Water Supply Company.

Description

Since fiscal 1986, the City has provided a tax exemption for property owned by the Jamaica Water Supply Company (JWS). Because the City's water system is not subject to taxation, an exemption was granted to JWS in the interest of equity.

Current law does not provide for a sunset provision.

Tax Expenditure

$6.2 million

Major League Sports Facilities, Madison Square Garden

Citation

NYS Real Property Tax Law; Article 4, Section 429

Policy Objective

To ensure the viability of a major league sports facility in New York City.

Description

The City has provided a full real estate tax exemption for Madison Square Garden. The exemption is contingent upon the continued use of the Garden by professional major league hockey and basketball teams for their home games. The current leases are scheduled to expire in fiscal 1992.

Tax Expenditure

$8.8 million

Table 3
STATE-WIDE PROGRAMS
REAL PROPERTY TAX EXPENDITURES
Fiscal Year 1993
($ Millions)

	Number of Exemptions	Exempt Assessed Value	Gross Tax Expenditure	PILOTs	Net Tax [1] Expenditures
Limited Profit Housing Companies	376	$2,582.6	$256.8		
Residential	334	2,478.1	245.6		
Commercial	42	104.5	11.2		
Limited Dividend Companies	14	58.8	5.8		
Redevelopment Companies	134	359.6	35.7		
Residential	125	356.0	35.3		
Commercial	9	3.6	0.4		
Housing Development Fund Companies	81	146.6	14.7		
Residential	71	127.0	12.6		
Commercial	10	19.6	2.1		
Urban Development Action Area Program	2,682	69.3	7.1		
State Assisted Housing	37	130.2	13.3		
Residential	20	77.7	7.7		
Commercial	17	52.5	5.6		
TOTAL STATE-WIDE PROGRAMS	**3,324**	**$3,347.1**	**$333.4**	**$85.5**	**$247.9**
Total Residential	3,246	3,166.9	314.1		
Total Commercial/Industrial	78	180.2	19.3		

Totals may not add due to rounding.

[1] Estimates of PILOTs and shelter rent payments are not available for attribution to programs within this category. Additional shelter rent payments may be imposed but were not available for this analysis.

Table 4
STATE-WIDE PROGRAMS
REAL PROPERTY TAX EXPENDITURES [1]
Borough Distribution
Fiscal Year 1993
($ Millions)

	MANHATTAN		THE BRONX	
	Number of Exemptions	Gross Tax Expenditure	Number of Exemptions	Gross Tax Expenditure
Limited Profit Housing Companies	99	$95.5	106	$72.2
Limited Dividend Companies	3	3.6	1	0.5
Redevelopment Companies	35	20.2	39	5.1
Housing Development Fund Companies	27	6.2	35	5.4
Urban Development Action Area Program	137	5.0	41	0.0
State Assisted Housing	13	4.5	9	3.2
TOTAL STATE-WIDE PROGRAMS	**314**	**$135.0**	**231**	**$86.4**

Totals may not add due to rounding.

[1] At this time, the calculation of Net Tax Expenditures is not possible due to the lack of data for PILOT and shelter rent payments by program and borough.

Table 4
(continued)

	BROOKLYN		QUEENS		STATEN ISLAND	
	Number of Exemptions	Gross Tax Expenditure	Number of Exemptions	Gross Tax Expenditure	Number of Exemptions	Gross Tax Expenditure
	111	$59.9	55	$27.0	5	$2.2
	10	1.8	0	0.0	0	0.0
	47	8.3	5	1.5	8	0.6
	17	1.8	2	1.2	0	0.0
	2,427	2.0	77	0.1	0	0.0
	8	3.1	7	2.6	0	0.0
	2,620	**$76.9**	**146**	**$32.4**	**13**	**$2.8**

STATE-WIDE PROGRAMS

Limited Profit Housing Companies

Citation

NYS Private Housing Finance Law, Article 2

Policy Objective

To increase and maintain the moderate and middle income housing stock in New York State.

Description

The Limited Profit Housing Companies law was adopted in the 1950's to assist in the construction of moderate and middle income housing. These privately managed rental and co-op projects, commonly known as Mitchell-Lama housing, were constructed with financing assistance from either the City or the State. In return for providing 40 to 50 year mortgages at interest rates of four to eight percent, the respective government maintains supervisory rights to establish tenant income restrictions, set rent levels, impose co-op resale restrictions, and establish waiting list procedures.

Real property taxes for Mitchell-Lama projects are based on the greater of 10 percent of shelter rent (gross rent less utilities) or a specified percentage of the assessed value of the property multiplied by the applicable tax rate. In addition, the City receives payments-in-lieu-of-taxes (PILOTs) from a small number of Mitchell-Lama projects.

The enabling legislation does not include a sunset provision.

Distributional Information

In fiscal 1993, there are 334 residential and 42 commercial exemptions under this program. The residential properties contain 116,841 housing units with a total exempt assessed value of $2,476.5 million. Based on the 1991 N.Y.C. Housing and Vacancy Survey, approximately one in four households in rental projects and one in five households in cooperatives have incomes of less than $10,000.

Limited Profit Housing Companies (cont'd)

1986 Household Income Range	Percentage of Rental Households	Percentage of Co-op Households
$0 - 9,999	26.35%	21.64%
$10,000 - 12,499	6.31%	12.47%
$12,500 - 14,999	3.90%	7.66%
$15,000 - 19,999	9.67%	5.62%
$20,000 - 24,999	8.05%	5.50%
$25,000 - 29,999	10.42%	12.63%
$30,000 - 34,999	9.63%	10.03%
$35,000 - 39,999	4.39%	4.16%
$40,000 - 44,999	5.09%	3.97%
$45,000 - 49,999	3.01%	4.39%
$50,000 and over	13.19%	11.93%

Source: U.S. Bureau of the Census, 1991 New York City Housing and Vacancy Survey, Department of Housing Preservation and Development.

Approximately 58 percent of residential units receiving benefits are co-ops which are located in all boroughs except Staten Island. 35 percent of the co-op units are located in the Bronx (including Co-Op City) although 36 percent of the exempt assessed value is attributable to Manhattan projects. Rental units receiving benefits are primarily located in Manhattan, the Bronx, and Brooklyn.

	Percent of Total Units	Percent of Exempt Assessed Value
1-3 Family	0.01%	0.00%
Condos	0.00%	0.00%
Co-ops	57.88%	56.29%
Rentals	42.11%	43.71%
Mixed Use	0.00%	0.00%
	100.00%	100.00%

Gross Tax Expenditure

$256.8 million

Limited Dividend Housing Companies

Citation

NYS Private Housing Finance Law, Article 4

Policy Objective

To increase and maintain the moderate and middle income housing stock in New York State.

Description

The Limited Dividend Housing Companies (LDHC) program was one of the earliest attempts to channel private investment into affordable housing for moderate and middle income households. Private developers, who financed garden apartment cooperative developments for which they were receiving a limited return on investment, received a 50 year real property tax exemption. However, they were required to comply with state regulations on eligibility of purchasers, co-op sale prices, and operating surpluses. Although the original exemptions for all LDHC projects have expired, the Board of Estimate approved a 14 year phase in for full taxation, recognizing the hardship an abrupt change in tax liability would have on co-op owners.

The enabling legislation does not include a sunset provision.

Distributional Information

Distributional information for this program is grouped with several other programs under the label "Other Residential" and can be found in the Statistical Appendix.

Gross Tax Expenditure

$5.8 million

Redevelopment Companies

Citation

NYS Private Housing Finance Law, Article 5

Policy Objective

To encourage low to moderate income housing through private financing.

Description

This program was a precursor to the Limited Profit Housing Program (Mitchell-Lama). The participants are largely institutional investors, such as insurance companies and pension funds, who provide financing for rental and co-op developments. They are granted a 25 year tax exemption in exchange for accepting a limited rate of return on their investment and for complying with City regulations regarding tenant eligibility, rent levels and restrictions of co-op sales. The exemptions on many of these projects have expired, or are due to expire soon. However, the owners have the option of remaining in the program with an additional 25 year exemption, or a nine year phase-in of full taxation. At present, only the "Penn South" project has chosen the 25 year extended exemption.

The enabling legislation does not include a sunset provision.

Distributional Information

Distributional information for this program is grouped with several other programs under the label "Other Residential" and can be found in the Statistical Appendix.

Gross Tax Expenditure

$35.7 million

Housing Development Fund Companies (HDFC)

Citation

NYS Private Housing Finance Law, Article 11

Policy Objective

To provide low and moderate income housing, both publicly and privately financed, through a variety of programs.

Description

Housing Development Fund Companies (HDFC) is an umbrella term for a wide range of projects developed by non-profit organizations. Special exemptions are adopted by the City Council under the authority of Article 11, depending upon the nature of the program in which the project is involved.

Projects that are entitled to full exemptions include housing constructed in the 1960's and early 1970's under the Federal Section 236 Program, housing renovated through the Capital Budget Homeless Housing Program, and some properties participating in the SRO Loan Program. In addition, new housing for the elderly and handicapped developed under Federal Section 202 also receives this tax benefit.

There is no sunset provision within the enabling legislation.

Distributional Information

In fiscal 1993, there are 71 residential and 10 commercial exemptions under this program. The residential properties contain over 7,000 housing units with an exempt assessed value of $127 million. Rentals in the Bronx represent almost 40 percent of all units in this program, while rentals in Manhattan represent 40 percent of the exempt value. These benefits are distributed by property type as follows:

Housing Development Fund Companies (HDFC) (cont'd)

	Percent of Total Units	Percent of Exempt Assessed Value
1-3 Family	0.00%	0.00%
Condos	0.00%	0.00%
Co-ops	5.62%	4.65%
Rentals	94.38%	95.35%
Mixed Use	0.00%	0.00%
	100.00%	100.00%

Gross Tax Expenditure

$14.7 million

Urban Development Action Area Project (UDAAP)

Citation

NYS General Municipal Law, Article 16

Policy Objective

To encourage the construction of residential housing in designated areas.

Description

This exemption is granted to property developed on formerly City-owned land in designated Urban Development Action Area Projects (UDAAP). While UDAAPs encompass a wide range of housing development programs, the most notable examples of UDAAPs are the Nehemiah and the Mutual Housing Association of New York (MHANY) Programs, which provide housing in the Brownsville and East New York sections of Brooklyn.

UDAAP sites receive real property tax exemptions only on the assessed value of the improvements, 10 years at 100 percent of assessed value, followed by a 10 year declining exemption. No payments-in-lieu-of-taxes (PILOTs) are imposed by the City.

The enabling legislation does not include a sunset provision.

Distributional Information

In fiscal 1993, there are 2,682 residential exemptions under this program that contain over 2,990 housing units with an exempt assessed value of $69.2 million. One, two, and three family houses in Brooklyn and rentals in Manhattan receive the largest proportion of UDAAP benefits. These benefits are distributed by property type as follows:

Urban Development Action Area Project (UDAAP) (cont'd)

	Percent of Total Units	Percent of Exempt Assessed Value
1-3 Family	66.56%	26.73%
Condos	4.45%	5.64%
Co-ops	0.00%	0.00%
Rentals	28.99%	67.63%
Mixed Use	0.00%	0.00%
	100.00%	100.00%

Tax Expenditure

$7.1 million

Miscellaneous State Assisted Housing

Citation

NYS Real Property Tax Law; Article 4, Section 422

Policy Objective

To encourage the creation of housing for a target population.

Description

Section 422 provides tax exemptions for real property owned by not-for-profit corporations used exclusively to provide housing and auxiliary facilities for a target population. This population includes, but is not exclusive to, faculty members, students, and employees (and their immediate families) attending or employed by a college or university; nurses, interns, resident physicians and other related personnel at hospitals and medical research institutions; and handicapped or elderly persons with low incomes. For Section 8 projects providing housing for the elderly, the City Council is authorized to grant a full exemption during construction, followed by a partial exemption.

The laws relating to these programs do not include sunset provisions.

Distributional Information

Distributional information for this program is grouped with several other programs under the label "Other Residential" and can be found in the Statistical Appendix.

Gross Tax Expenditure

$13.3 million

Table 5
PUBLIC AGENCIES
REAL PROPERTY TAX EXPENDITURES
Fiscal Year 1993
($ Millions)

	Number of Exemptions	Exempt Assessed Value	Gross Tax Expenditure	PILOTs	Net Tax Expenditures
Industrial Dev. Agency	623	$686.3	$73.4	$35.7	$37.7
Economic Dev. Corporation	116	247.5	26.5	8.0	18.5
NYC Housing Authority	1,328	3,124.7	309.8	14.9	294.9
Residential	1,234	3,107.1	307.9	14.9	293.0
Commercial	94	17.6	1.9	0.0	1.9
Urban Dev. Corporation	101	752.5	80.1	0.3	79.8
Residential	27	51.8	5.1	0.1	5.0
Commercial	74	679.4	72.2	0.2	72.0
New York Power Authority	8	406.3	50.9	0.0	50.9
Battery Park City Authority [1]	2,325	1,381.8	145.5	17.7	127.8
Residential	2,296	275.5	27.3	3.6	23.7
Commercial	29	1,097.0	116.6	14.1	102.5
World Trade Center, Port Authority	1	1,283.0	137.3	37.1	100.2
Teleport, Port Authority	2	23.8	2.6	1.0	1.6
Trust for Cultural Resources	273	39.4	3.9	0.3	3.6
TOTAL PUBLIC AGENCIES	**4,777**	**$7,945.3**	**$830.0**	**$115.0**	**$715.0**
Total Residential	3,557	3,434.4	340.3	18.6	321.7
Total Commercial/Industrial	1,220	4,510.9	489.7	96.4	393.3

[1] In fiscal 1993, the BPCA will not make non-PILOT payments to the City.

Table 6
PUBLIC AGENCIES
REAL PROPERTY TAX EXPENDITURES [1]
Borough Distribution
Fiscal Year 1993
($ Millions)

	MANHATTAN		THE BRONX	
	Number of Exemptions	Gross Tax Expenditure	Number of Exemptions	Gross Tax Expenditure
Industrial Development Agency	130	$20.7	77	$4.2
Economic Development Corporation	1	11.4	8	2.4
New York City Housing Authority	240	98.6	221	80.7
Urban Development Corporation	84	70.3	7	3.5
New York Power Authority	3	1.4	2	0.0
Battery Park City Authority	2,325	145.5	0	0.0
World Trade Center, Port Authority	1	137.3	0	0.0
Teleport, Port Authority	0	0.0	0	0.0
Trust for Cultural Resources	273	3.9	0	0.0
TOTAL PUBLIC AGENCIES	**3,057**	**$489.1**	**315**	**$90.8**

Totals may not add due to rounding.

[1] At this time, the calculation of Net Tax Expenditures is not possible due to the lack of data for PILOT and shelter rent payments by program and borough.

Table 6
(continued)

BROOKLYN		QUEENS		STATEN ISLAND	
Number of Exemptions	Gross Tax Expenditure	Number of Exemptions	Gross Tax Expenditure	Number of Exemptions	Gross Tax Expenditure
182	$18.2	225	$29.7	9	$0.7
80	12.0	24	0.6	3	0.0
419	96.2	433	25.5	15	8.8
8	3.9	1	0.0	1	2.3
0	0.0	3	49.5	0	0.0
0	0.0	0	0.0	0	0.0
0	0.0	0	0.0	0	0.0
0	0.0	0	0.0	2	2.6
0	0.0	0	0.0	0	0.0
689	**$130.3**	**686**	**$105.3**	**30**	**$14.4**

PUBLIC AGENCIES

Industrial Development Agency (IDA)

Citation

NYS General Municipal Law; Section 858 and Section 917
NYS Real Property Tax Law; Article 4, Section 412

Policy Objective

To encourage business expansion and increase employment in New York City.

Description

The City's Industrial Development Agency (IDA) assists eligible manufacturing, industrial and commercial businesses interested in large-scale expansion or modernization through the purchase of land, buildings, machinery and equipment. The IDA helps businesses gain access to the capital markets through the sale of industrial revenue bonds, the interest from which is exempt from some, or all, taxes. The result is lower cost project financing.

All real property acquired or constructed with the use of IDA financing is exempt from real property taxation. The exemption benefits are passed on to the project owners through leaseback arrangements. Lease payments are equivalent to debt service on bonds plus payments-in-lieu-of-taxes (PILOTs) for land and buildings.

The enabling legislation does not include a sunset provision.

Net Tax Expenditure (after PILOTs)

$37.7 million

Economic Development Corporation (EDC)

Citation

NYS Real Property Tax Law; Article 4, Section 412

Policy Objective

To encourage real estate development that will protect and enhance the City's job and income base.

Description

The Economic Development Corporation (EDC) is a non-profit local development corporation, acting as an independent entity under contract to the City to assist and promote real estate development. EDC assists developers in all the stages of a project, from planning and design to negotiations, financing, and construction. A major focus of EDC efforts is development outside Manhattan. EDC also leases City-owned property and then subleases it to private developers for construction of commercial and industrial projects. Ground lease agreements include a rental formula for payments-in-lieu-of-taxes (PILOTs) on both the land and project buildings.

The enabling legislation for EDC does not include a sunset provision.

Net Tax Expenditure (after PILOTs)

$18.5 million

New York City Housing Authority (NYCHA)

Citation

NYS Public Housing Law; Article 3, Section 52

Policy Objective

To provide housing for low income residents of New York City.

Description

As of June 30, 1993, the New York City Housing Authority operates 333 developments with more than 180,334 apartments. An additional 61,233 apartments are in its leasing program. These 241,567 units house approximately 695,000 persons.

Except for New York State assisted projects, NYCHA property is exempt from direct taxation. City aided projects are exempt for a period of 50 years. Federally aided projects may be exempt for up to 60 years. However, by law, the City may require payments-in-lieu-of-taxes (PILOTs) from NYCHA projects. The fixed annual PILOT for NYCHA's City funded projects is $135,000. For the Federally aided projects, NYCHA pays a PILOT based on net routine operating expenses which may vary annually. For calendar 1993, PILOTs for the Federally aided projects are estimated to be $15.2 million. The State assisted projects pay an estimated $2.4 million annually in real property taxes. As assessed value for the State projects has been held constant for many years, there is a substantial implicit tax expenditure.

Distributional Information

In fiscal 1993, there are 1,234 residential and 94 commercial exemptions containing 174,089 housing units with an exempt assessed value of $3.1 billion. Although NYCHA benefits are distributed throughout the five boroughs, Brooklyn has the greatest proportion of NYCHA units and exempt value. Rental properties comprise 99 percent of NYCHA exemptions; therefore, a distribution by housing type is not provided.

The 1991 New York City Housing Vacancy Survey included income data for nearly 140,000 households living in public housing. Based on this data, the distribution of households is as follows:

New York City Housing Authority (cont'd)

1986 Household Income Range	Number of Households	Percent of Total Households
$0 - 10,000	79,099	56.89%
$10,000 - 12,499	12,467	8.97%
$12,500 - 14,999	7,596	5.46%
$15,000 - 19,999	17,109	12.30%
$20,000 - 24,999	8,643	6.22%
$25,000 - 29,999	6,452	4.64%
$30,000 - 34,999	2,275	1.64%
$35,000 - 39,999	2,871	2.06%
$40,000 - 44,999	1,052	0.76%
$45,000 - 49,999	*	--
$50,000 and over	*	--
TOTAL REPORTING INCOME	139,045	100.00%

* Too few households to report.

Source: U.S. Bureau of the Census, 1991 New York City Housing and Vacancy Survey, Department of Housing Preservation and Development.

Net Tax Expenditure (after PILOTs)

$294.9 million

Urban Development Corporation (UDC)

Citation

NYS Unconsolidated Laws; Chapter 24
NYS Real Property Tax Law; Article 4, Section 412

Policy Objective

To create and retain jobs in New York State, with particular emphasis on targeting economically distressed areas.

Description

Created in 1968, the Urban Development Corporation (UDC) is a New York State agency that finances, constructs and operates residential, commercial, industrial and civic facilities. An important tool in the State's economic development program, the UDC provides financing and technical assistance to businesses and local governments. Examples of UDC-assisted projects include the Columbia University Telecommunications Center, the Jacob K. Javits Convention Center, and the Roosevelt Island housing development.

The UDC exemption does not contain a sunset provision.

Distributional Information

In fiscal 1993, there are 27 residential and 73 commercial exemptions under this program. The residential properties contain 1,222 housing units with an exempt assessed value of $51.8 million. The exempt assessed value for the commercial properties is $679.4 million. The residential component of the UDC exemption contains primarily rentals in Manhattan and co-ops in Brooklyn and Manhattan.

	Percent of Total Units	Percent of Exempt Assessed Value
1-3 Family	1.72%	0.19%
Condos	0.18%	0.00%
Co-ops	40.92%	39.00%
Rentals	57.36%	60.81%
Mixed Use	0.00%	0.00%
	100.00%	100.00%

Tax Expenditure

$79.8 million

New York Power Authority (NYPA)

Citation

NYS Public Authorities Law; Section 10001
NYS Real Property Tax Law; Article 4, Section 412

Policy Objective

To provide low cost electric energy to the residents of New York State through seven investor-owned utilities and 51 municipal and cooperative systems.

Description

The New York Power Authority (NYPA) finances, constructs, and operates electric generating and transmission facilities. Construction is financed through the sale of tax exempt bonds. Revenues from the sale of power to public agencies, industries, investor-owned utilities and municipalities throughout the State cover the costs of debt service and project operations. In the New York metropolitan area, the Authority directly provides low cost power to government agencies promoting economic development. It currently provides 25 percent of all the electricity generated in the State.

The Power Authority's enabling legislation does not include any sunset provisions.

Tax Expenditure

$50.9 million

Battery Park City Authority (BPCA)

Citation

NYS Public Authorities Law; Article 12
NYS Real Property Tax Law; Article 4, Section 412

Policy Objective

To manage the development of a mixed commercial/residential community whose amenities serve the larger New York community.

Description

The Battery Park City Authority (BPCA) was created in 1968 by the Battery Park City Act. In cooperation with the City and the private sector, the Authority was to develop a mixed use community, combining residential and commercial properties with adequate public facilities (schools, parks, etc.) and utilities. Under a 1981 agreement with a developer, four office towers containing six million square feet of space were completed in 1987. Additionally, approximately 4,550 residential units have been completed to date.

PILOT payments remitted annually by the Authority, as stipulated in the 1986 Amendment to the Settlement Agreement between BPCA and the City of New York, are currently used as additional support for City housing programs. Furthermore, toward this same purpose, BPCA will transfer to the City all excess revenues beginning in fiscal 1995 until this amount accrues to $600 million. The Housing New York Agreement provides for BPCA revenues to back bond issues as well; in this regard, $400 million in net proceeds issued by the Housing New York Corporation will allow for the increase of low- and moderate-income housing production throughout the City.

The enabling legislation does not include a sunset provision.

Distributional Information

Currently, 4,550 units of residential housing have been completed in BPC. Of this number, 49 percent are rentals, and 51 percent are condominiums.

Net Tax Expenditure (after PILOTs)

$127.8 million

World Trade Center, Port Authority of NY and NJ

Citation

NYS Unconsolidated Laws; Section 6601
NYS Real Property Tax Law; Article 4, Section 412

Policy Objective

To encourage world trade and economic development in the New York - New Jersey region.

Description

The World Trade Center (WTC), owned and operated by the Port Authority of New York and New Jersey, is a center for national and international trade. It includes facilities for customs clearance, shipping management, financing, insurance, commodities trading, governmental functions, and the related support services.

Although exempt from taxation, the WTC makes a payment-in-lieu-of-tax (PILOT) to the City. The PILOT is based on the rental of private space in the WTC multiplied by a fixed price per square foot. The PILOT is adjusted to reflect assessment increases of comparable office building in the financial district and tax rate changes.

The enabling legislation which authorized the Port Authority to proceed with the World Trade Center contains no sunset provisions.

Net Tax Expenditure (after PILOTs)

$100.2 million

Teleport Center, Port Authority of NY and NJ

Citation

NYS Real Property Tax Law; Article 4, Section 412

Policy Objective

To provide state-of-the-art communication technology with the goal of encouraging the economic development of the New York -New Jersey region.

Description

The Teleport Center, located on land owned by the Port Authority of New York and New Jersey, is a joint venture between the Authority, Merrill Lynch, and Western Union, developing and utilizing the latest technology in world wide telecommunications. The Center provides fiber optic links with the participating companies' Manhattan offices. By reducing the cost of new telecommunications technology and making it available to area businesses, the Teleport is expected to generate more than 3,000 jobs when completed.

The Port Authority's enabling legislation does not contain any sunset provisions.

Tax Expenditure (after PILOTs)

$1.6 million

Trust for Cultural Resources of the City of New York, Museum of Modern Art

Citation

NYS Gen. Municipal Law; Articles 13-E and 13-F

Policy Objective

To support the expansion and operating costs of cultural institutions deemed to be essential for the general and economic welfare of the state and city.

Description

In 1976, the legislature enacted articles 13-E and 13-F of the General Municipal Law which provide for the creation of cultural trusts (public benefit corporations). The legislation further provides that: (1) the trust shall submit annual financial reports to the governor and mayor; and (2) the state comptroller and the city's chief fiscal officer are authorized to examine the books and records of the trust at least once every three years or, in lieu thereof, accept from the trust an external examination made by a certified public accountant acceptable to such officer.

To date, only one trust for cultural resources has been created - for the Museum of Modern Art in New York City. As a result, a fifty-two story tower was developed adjacent to the museum, combining six floors dedicated to the Museum and the remainder of the building containing two hundred sixty residential condominiums.

The residential portion of the building is exempt from City real estate taxes. However, the condominiums make payments to the trust which are the equivalent of real estate taxes. These payments are used primarily to defray administrative costs of the trust, provide a PILOT to the City, fund the debt service on the combined-use facility and provide the cultural institution with funds for operating expenses.

Tax Expenditure (after PILOTs)

$3.6 million

PART III

BUSINESS INCOME AND EXCISE TAX EXPENDITURES

Overview

The tax expenditures in this section derive from provisions of New York City tax laws concerning the following business income and excise taxes: General Corporation Tax; Unincorporated Business Tax; Banking Corporation Tax; Utility Tax; Mortgage Recording Tax; Real Property Transfer Tax; and Commercial Rent Tax. A description of each tax, including the tax rate and base, is contained in Part VII. Tax expenditures for the City Personal Income Tax and Sales Tax, which are administered by New York State, are discussed in Part V.

New York City tax laws for the business income and excise taxes contain 25 provisions granting tax preferences which can be defined as tax expenditures. Data exist to estimate the value of 14 of these tax expenditures. In Tax Year 1992, they totaled $240 million. Certain tax benefits, such as the major tax credit programs, are explicitly designed to foster economic development, particularly in Manhattan north of 96th Street and in the other boroughs. Other tax expenditures, while created for economic development purposes, are also intended to reflect the unique economic activity in which certain industries are engaged. For example, there are special rules for allocating net income for the broadcasting, publishing and mutual fund industries. Still other tax expenditures are created for social objectives such as to assist the dramatic arts or to promote certain types of scientific research.

Business Income and Excise Tax

Detailed Program Descriptions

The following section provides information on New York City business income and excise tax expenditures. Table 7 provides a summary list of these tax expenditures, with Tax Year 1992 estimates of revenue foregone for tax expenditure items for which data are available. The amounts were derived from Department of Finance data, unless otherwise noted. Following the summary table is a description of each program, including the legal citations and information, where applicable, regarding the years to which tax benefits can be carried forward.

Table 7

BUSINESS INCOME AND EXCISE TAX EXPENDITURES
Tax Year 1992

Program	($ Millions) Amount
Quantifiable	
Insurance Corporation Non-Taxation	88
International Banking Facility	62
Commercial Rent Tax Special Reduction	36
Four-Tenths Mill Cooperative Housing Corporation Tax Rate on Capital	17
Energy Costs Savings Program Credit	17
Business and Investment Capital Tax Limitation	8
Relocation and Employment Assistance Program	4
Special Allocation Rule: RIC Management Fees	3
Foreign Bank Alternative Tax on Capital Stock	3
School Bus Operation Deduction	2
Dramatic or Musical Arts Performance Exemption	*
Employment Opportunity Relocation Costs Credit	*
Manufacturing and Research and Development Property Depreciation	*
Real Estate Tax Escalation Credit	*
TOTAL QUANTIFIABLE TAX EXPENDITURES	240

Not Quantifiable

Air Pollution Control Facilities Deduction
Credit Line Mortgages
Owner, Lessee or Fiduciary that Holds, Leases or Manages Real Property
Purchase and Sale of Property or Stock Option Contracts for Taxpayer's Own Account
Real Estate Investment Trusts
Real Estate Mortgage Investment Conduits
Regulated Investment Companies
Special Allocation Rules:
- Credit Card Interest
- 80/20 Allocation Rule for Security/Commodity Brokers
- Newspaper and Periodical Publishers' Advertising Sales Receipts
- Radio/TV Commercial Receipts and Motion Picture Royalties

Insurance Corporation Non-taxation

Citation

1974 New York Laws, Chapter 649, Section 11

Policy Objective

To promote the New York City insurance industry.

Description

Corporations with income allocable to New York City are normally subject to City taxation. Out-of-state insurance companies insuring City property against fire loss or damage are subject to City taxation. However, other insurance companies operating in the City are not subject to taxation on income from their insurance services, nor on income from their non-insurance activities, such as real estate or financial services activities.

Prior to 1974, New York City taxed all insurance companies on premiums received on risks located or resident in the City. This tax was discontinued in 1974.

Tax Affected

General Corporation Tax

Tax Expenditure

$88 million

International Banking Facility Deduction

Citation

NYC Administrative Code Section 11-641(f)

Policy Objective

To promote international banking activities in New York City.

Description

Beginning in December 1981, the Federal Reserve Board permitted banking offices in the United States to establish international banking facilities (IBFs). This allowed banking offices to conduct a deposit and loan business with foreign residents without being subject to reserve requirements or interest rate ceilings. In addition, several states, including New York, have encouraged banking institutions to establish IBFs by granting favorable tax treatment under state or local law for IBF operations.

Both New York City and State allow banking corporations to deduct the adjusted eligible net income of an IBF in calculating taxable income under their banking corporation taxes. As a result, banking offices in the New York can, through their IBFs, conduct transactions with foreign residents in a regulatory environment broadly similar to that of the Eurocurrency market without having to use an offshore facility.

Tax Affected

Banking Corporation Tax

Tax Expenditure

$62 million

Commercial Rent Tax Special Reduction

Citation

NYC Administrative Code Section 11-704.h

Policy Objective

To promote business development in Manhattan north of 96th Street and in the outer boroughs of New York City.

Description

The Commercial Rent Tax is applied to aggregate base rents for most business tenants. A special partial exemption through a reduction in amount of rent subject to tax is given to taxable premises located north of 96th Street in Manhattan and in the Bronx, Brooklyn, Queens and Staten Island. Taxable base rent for such premises is reduced as follows:

Beginning January 1, 1986, ending May 31, 1987	by 10%
Beginning June 1, 1987, ending May 31, 1989	by 20%
Beginning on or after June 1, 1989	by 30%

Tax Affected

Commercial Rent Tax

Tax Expenditure

$36 million

Four-tenths Mill Cooperative Housing Corporation Tax Rate on Capital

Citation

NYC Administrative Code Section 11-604.1.E

Policy Objective

To promote cooperative housing corporations in New York City.

Description

Capital allocated to New York City is normally taxed at the rate of 0.15 percent. However, cooperative housing corporations are taxed at a rate of 0.04 percent on capital allocated to the City.

Tax Affected

General Corporation Tax

Tax Expenditure

$17 million

Energy Costs Savings Program Credit (ECSP)

Citation

NYC Administrative Code Sections 11-503(h), 11-604.16, 11- 643.5(c), 11-704.1, 11-1105.1 and Chapter 6 of Title 22

Policy Objective

To promote business development in Manhattan north of 96th Street and in the outer boroughs of New York City.

Description

The ECSP program applies to industrial and commercial companies that relocate to Manhattan north of 96th Street or the outer boroughs or that occupy new or improved space in these areas. Industrial firms that own or lease space in a building located in Manhattan south of 96th Street that qualifies for a real estate tax exemption under the City's Industrial and Commercial Incentive Program because of improvements totaling at least 20 percent of its assessed value may also qualify for ECSP benefits. The program provides eligible firms with reductions of up to 30 percent of electricity charges and up to 20 percent of natural gas charges for eight years, with a gradual phase-out during the following four years.

An eligible user which purchases electricity or gas from a utility supervised by the Public Service Commission is entitled to receive from the utility a special rebate, which will reduce its monthly utility bills. Utilities deduct the rebates they grant from their utility gross receipts tax payments.

An eligible user which purchases electricity or gas from a vendor of utility services, such as a landlord, who is not subject to PSC supervision, may also receive a special rebate if the vendor elects to participate in the program. If the vendor elects not to provide the special rebates, the eligible energy user can qualify for a tax credit. A taxpayer which is a supplier of fuel services and which has made discounts to vendors of energy services may claim a tax credit for the amount of the discounts made during the taxable year.

Certificates of eligibility must be obtained from the City before July 1, 1995 to participate in this program.

Energy Costs Savings Program Credit (ECSP) (cont'd)

Taxes Affected

Banking Corporation Tax
Commercial Rent Tax
General Corporation Tax
Unincorporated Business Tax
Utility Tax

Tax Expenditure

$ 17 million

Business and Investment Capital Tax Limitation

Citation

NYC Administrative Code, Section 11-604(1)(F)

Policy Objective

To limit the City tax liability of corporations which have low taxable income but large net worth.

Description

A corporation subject to taxation in New York City determines its tax liability by making three alternative calculations (net income, net income plus compensation paid to officers and certain shareholders and business and investment capital), comparing the results to a fixed minimum amount and paying the largest of the four amounts. In 1988, a cap was placed on the business and investment capital tax base, limiting a corporation's tax on New York City allocated business and investment capital to a maximum of $350,000.

Tax Affected

General Corporation Tax

Tax Expenditure

$8 million

Relocation and Employment Assistance Program (REAP)

Citation

NYC Administrative Code Sections 11-503(i), 11-604.17, 11- 643.7, 11-704.f, Title 22, Chapter 6-B

Policy Objective

To promote business development in Manhattan north of 96th Street and in the outer boroughs of New York City.

Description

A credit is available for certain taxpayers which relocate all or part of their business operations to eligible premises located above 96th Street in Manhattan or in the outer boroughs. A business income tax credit of $500 per eligible employment share is available for the year of relocation and for a maximum of eleven succeeding tax years. If the allowable credit exceeds a taxpayer's liability for a tax year, the excess may be carried over and credited to the five immediately succeeding taxable years.

As part of REAP, eligible employers who are tenants also receive a deduction from their base rent for purposes of the commercial rent tax.

Taxpayers must be certified annually by the City in order to participate in this program. A firm must file a preliminary application and fulfill certain requirements before July 1, 1999 to be eligible to receive REAP benefits.

Taxes Affected

Banking Corporation Tax
Commercial Rent Tax
General Corporation Tax
Unincorporated Business Tax

Tax Expenditure

$4 million

Relocation and Employment Assistance Program (REAP) (cont'd)

Note

The tax expenditure estimate for REAP provided above is based on a detailed survey of REAP-approved employees actually relocated by the end of calendar year 1992. (For REAP approval, applicants must have begun relocation to an eligible site but have three years to complete the move.) It is worth noting that if the remaining REAP-approved jobs and those pending-approval (most of which are expected to receive approval) relocate and receive REAP tax benefits, the cost of the program could escalate to approximately $24 million annually.

RELOCATION AND EMPLOYMENT ASSISTANCE PROGRAM

			Employees			
INDUSTRY	Firms	%	Pending	Approved	Total	%
MANUFAC.	42	52.5%	869	2,284	3,153	9.3%
CONSTRUC.	3	3.8%	0	158	158	0.5%
TRANS.&P.U.	5	6.3%	195	2,132	2,327	6.8%
TRADE	17	21.3%	267	853	1,120	3.3%
FIRE	11	13.8%	6,150	21,092	27,242	80.0%
SERVICE	2	2.5%	55	0	55	0.2%
TOTAL	80		7,536	26,519	34,055	

Status of applications filed through 5/31/93.

Special Allocation Rule: RIC Management Fees

Citation

NYC Administrative Code Section 11-604.3(a)(5)

Policy Objective

To promote the activities of RIC managers in New York City.

Description

In determining the business allocation percentage, taxpayers normally determine the source of receipts from services based upon where the services were performed. However, a mutual fund management company's receipts from management, administration or distribution services rendered to a regulated investment company (RIC) are allocated based on the percentage of the RIC's shareholders domiciled in New York City.

For taxable years beginning on or after January 1, 1989, the allocation of receipts is based upon the RIC's average "monthly percentage." This percentage is calculated by dividing:

(a) the number of shares in the RIC which are owned on the last day of the month by shareholders domiciled in the city by;

(b) the total number of shares in the RIC outstanding on that date.

Once calculated, the RIC's average monthly percentage for the taxable year is multiplied by the management company's receipts from management, administration or distribution services.

Tax Affected

General Corporation Tax

Tax Expenditure

$3 million

Foreign Bank Alternative Tax on Capital Stock

Citation

NYC Administrative Code Section 11-643.5(b)

Policy Objective

To promote foreign banking in New York City.

Description

A banking corporation generally determines its tax liability by making three alternative calculations (net income, alternative net income and taxable assets allocated to the City), comparing the results to a fixed minimum amount and paying the largest of the four. However, corporations organized under the laws of a country other than the United States calculate an alternative tax liability based on issued capital stock rather than taxable assets.

Tax Affected

Banking Corporation Tax

Tax Expenditure

$3 million

School Bus Operation Deduction

Citation

NYC Administrative Code Section 11-602.8(a)(4)

Policy Objective

To encourage lower charges for bus services used for educational, charitable, or religious purposes.

Description

Income derived from the operation of school buses, where the customer is a school district or a corporation or association organized and operated exclusively for religious, charitable or educational purposes, is excludable from taxable income.

Tax Affected

General Corporation Tax

Tax Expenditure

$2 million

Dramatic or Musical Arts Performance Exemption

Citation

NYC Administrative Code Sections 11-701.17, 11-704.e

Policy Objective

To promote the dramatic and musical arts in New York City.

Description

A tenant who uses taxable premises for a dramatic or musical arts performance for less than four weeks where there is no indication prior to or at the time that the performance commences that it will continue for less than four weeks is exempt from the Commercial Rent Tax. Under this provision, a dramatic or musical arts performance is defined to include theater plays, musical comedies and operettas. It does not include cabaret or nightclub shows, circuses, aqua shows, ice skating, radio or television performances.

Tax Affected

Commercial Rent Tax

Tax Expenditure

Less than $1 million

Employment Opportunity Relocation Costs Credit (EORC)

Citation

NYC Administrative Code Sections 11-503(f), 11-604.14

Policy Objective

To promote employment in New York City.

Description

Taxpayers may be allowed a tax credit for certain costs incurred in relocating commercial or industrial "employment opportunities" to New York City from an area outside New York State. Employment opportunity means the creation of a full- time position and the hiring of an employee for the position. In order to be eligible for the credit, a taxpayer must relocate to the City a minimum of 10 employment opportunities.

The allowable credit may not exceed $300 and $500 for each commercial and industrial position relocated, respectively.

Taxes Affected

General Corporation Tax
Unincorporated Business Tax

Tax Expenditure

Less than $1 million

Manufacturing and Research & Development Property Depreciation

Citation

NYC Administrative Code Sections 11-509(b), 11-604.3(d),(e)

Policy Objective

To promote manufacturing and research and development in New York City.

Description

New York City taxpayers are allowed special deductions for depreciation of certain eligible manufacturing and research and development property. For property acquired after December 31, 1967, the taxpayer may elect to deduct from its allocated net income up to double the amount of Federal depreciation on qualified tangible property located in New York City used in the production of goods by manufacturing or processing, or, if the property is used or to be used for research and development in the experimental or laboratory sense, the amount of expenditures for the taxable year, provided entire net income is computed without any deduction for the depreciation of the same property or for such expenditures.

Taxes Affected

General Corporation Tax
Unincorporated Business Tax

Tax Expenditure

Less than $1 million

Real Estate Tax Escalation Credit (RETE)

Citation

NYC Administrative Code Sections 11-503(e), 11-604.13

Policy Objective

To encourage businesses to relocate to New York City.

Description

Certain taxpayers which have relocated to leased premises in New York City from a location outside New York State and which have created at least 100 full-time industrial or commercial employment opportunities in the City are allowed a tax credit for the amount of additional lease payments actually paid to the taxpayer's landlord which are based solely and directly upon increased real estate taxes imposed upon the relocation premises.

Before a taxpayer can claim the credit, the taxpayer's eligibility must be approved and certified by the City. The credit can be claimed annually for the length of the lease term, or for a period not to exceed 10 years from the date of relocation, whichever period is shorter.

Taxes Affected

General Corporation Tax
Unincorporated Business Tax

Tax Expenditure

Less than $1 million

Air Pollution Control Facilities Deduction

Citation

NYC Administrative Code Sections 11-507(9), 11-602.8(g)

Policy Objective

To improve the quality of air in New York City.

Description

Eligible taxpayers are entitled to a special deduction for expenditures paid or incurred during the taxable year for the construction, reconstruction, erection, or improvement of Air Pollution Control Facilities. Such facilities must be certified by the New York State commissioner of environmental conservation or the State commissioner's designated representative in accordance with applicable provisions of the environmental conservation law, the state sanitary code and regulations, permits or orders issued pursuant thereto.

Taxes Affected

General Corporation Tax
Unincorporated Business Tax

Tax Expenditure

Not available

Credit Line Mortgages

Citation

New York Tax Law Section 253-b, NYC Administrative Code Section 11-2603

Policy Objective

To reduce credit costs for small homeowners.

Description

Taxpayers normally pay a tax each time a new indebtedness is created which is secured by a mortgage on City-situated real property. However, for a credit-line mortgage, or mortgage which secures indebtedness under a financing agreement which allows the borrower to receive a series of advances or readvances up to a stated amount, the Mortgage Recording Tax is paid on the maximum principal amount. No further tax is due on advances or readvances by the lender if the maximum principal amount is not increased.

This benefit is only available in the case of real property principally improved or to be improved which is a one to six family, owner-occupied residence.

Tax Affected

Mortgage Recording Tax

Tax Expenditure

Not available

Owner, Lessee or Fiduciary that Holds, Leases or Manages Real Property

Citation

NYC Administrative Code Section 11-502(d)

Policy Objective

To exempt certain revenue-generating activities from business taxation.

Description

The City's Unincorporated Business Tax is generally imposed on unincorporated businesses operating in the City. However, an owner of real property, a lessee or a fiduciary is not considered to be engaged in an unincorporated business solely by reason of holding, leasing, or managing real property for his or its own account.

Tax Affected

Unincorporated Business Tax

Tax Expenditure

Not available

Purchase and Sale of Property or Stock Option Contracts for Taxpayer's Own Account

Citation

NYC Administrative Code Section 11-502(c)

Policy Objective

To exempt certain revenue-generating activities from business taxation.

Description

The City's Unincorporated Business Tax is generally imposed on unincorporated businesses operating in the City. However, an individual or entity is not considered to be engaged in an unincorporated business solely by reason of the purchase and sale of property or the purchase, sale or writing of stock option contracts, or both, for his or her own account.

Tax Affected

Unincorporated Business Tax

Tax Expenditure

Not available

Real Estate Investment Trusts (REITS)

Citation

NYC Administrative Code Section 11-603.7

Policy Objective

To promote REITs as investment vehicles.

Description

New York City generally conforms with federal tax treatment of Real Estate Investment Trusts (REITs). To the extent that the REIT passes through its income to the shareholders, the REIT pays no City corporate tax on that income. The dividend or distributed gain is taxed at the shareholder level.

Any undistributed income the REIT possesses is subject to taxation. To the extent that they are taxable, REITs are not subject to the four alternate tax bases that other General Corporation taxpayers must utilize. The tax liability of a REIT is determined by utilizing only the net income and fixed dollar minimum corporate tax bases.

Tax Affected

General Corporation Tax

Tax Expenditure

Not available

Real Estate Mortgage Investment Conduits (REMICS)

Citation

NYC Administrative Code Section 11-122

Policy Objective

To promote REMICs as investment vehicles.

Description

A Real Estate Mortgage Investment Conduit (REMIC) is an entity that holds a fixed pool of mortgages and issues interests in itself to investors. New York City generally conforms with federal tax treatment of REMICs. REMICs are exempt from the City's General Corporation Tax, Banking Corporation Tax and Unincorporated Business Tax. In addition, the assets of a REMIC which is not a separately incorporated entity must be excluded from the calculation of any tax liability under the General or Banking Corporation Tax. However, the holders of interests in a REMIC are not exempt from City taxation based on their interests or on the income therefrom.

Taxes Affected

Banking Corporation Tax
General Corporation Tax
Unincorporated Business Tax

Tax Expenditure

Not available

Regulated Investment Companies (RICS)

Citation

NYC Administrative Code Section 11-603.8

Policy Objective

To promote RICs as investment vehicles.

Description

New York City generally conforms with federal tax treatment of Regulated Investment Companies (RICs). To the extent that the RIC passes through its income to the shareholders, the RIC pays no City corporate tax on that income. The dividend or distributed gain is taxed at the shareholder level.

Any undistributed income the RIC possesses is subject to taxation. To the extent that they are taxable, RICs are not subject to the four alternate tax bases that other General Corporation taxpayers must utilize. The tax liability of a RIC is determined by utilizing only the net income and fixed dollar minimum corporate tax bases.

Tax Affected

General Corporation Tax

Tax Expenditure

Not available

Special Allocation Rule: Credit Card Interest

Citation

NYC Administrative Code Section 11-642(a)(2)(D)

Policy Objective

To allocate accurately taxable income derived from a special multijurisdictional economic activity.

Description

In determining the business allocation percentage, taxpayers normally determine the source of receipts from services based upon where the services were performed. Accordingly, service charges and fees from credit cards are deemed earned in New York City if the card is serviced in the City. However, credit card interest is allocated based upon the domicile of the cardholder.

Tax Affected

Banking Corporation Tax

Tax Expenditure

Not available

Special Allocation Rule: 80/20 Allocation Rule for Security/ Commodity Brokers

Citation

20 NYCRR Section 4-4.3(c), NYC Unincorporated Business Tax Regulation Section 7-8

Policy Objective

To allocate accurately taxable income derived from a special multijurisdictional economic activity.

Description

In determining the business allocation percentage, taxpayers normally determine the source of receipts from services based upon where the services were performed. However, taxpayers which are security and commodity brokers allocate commissions derived from the execution of purchases or sales orders for the accounts of customers in the following manner:

(a) If the order originates at a New York City place of business and is transmitted to an office of the taxpayer located in New York City for execution on an exchange located in the City, 100 percent of the commission is allocated to New York City.

(b) If the order originates out-of-city and is transferred to an office of the taxpayer located in New York City for execution on an exchange located in the City, 20 percent of the commission is allocated to New York City.

(c) If the order originates at a New York City place of business and is transmitted to an office of the taxpayer outside the City for execution on an exchange located outside of the City, 80 percent of the commission is allocated to New York City.

Special Allocation Rule: 80/20 Allocation Rule for Security/ Commodity Brokers (cont'd)

Taxes Affected

General Corporation Tax
Unincorporated Business Tax

Tax Expenditure

Not available

Special Allocation Rule: Newspaper and Periodical Publishers' Advertising Sales Receipts

Citation

NYC Administrative Code Section 11-604.3(a)(2)(B)

Policy Objective

To allocate accurately taxable income derived from a special multijurisdictional economic activity.

Description

In determining the business allocation percentage, taxpayers normally determine the source of receipts from services based upon where the services were performed. However, publishers of newspapers and periodicals allocate income received from their sales of advertising based on the number of newspapers and periodicals delivered to points within the City.

Tax Affected

General Corporation Tax

Tax Expenditure

Not available

Special Allocation Rule: Radio/TV Commercial Receipts and Motion Picture Royalties

Citation

NYC General Corporation Tax Regulation Section 4-20(c)(2)

Policy Objective

To allocate accurately taxable income derived from a special multijurisdictional economic activity.

Description

In determining the business allocation percentage, taxpayers normally determine the source of receipts from services based upon where the services were performed. However, the income a business receives from broadcasting radio and television commercials (by FCC license) or the royalties a producer receives from a motion picture is allocated to the City based on the "audience location method," that is, the ratio of the number of the broadcaster's or producer's New York City listeners/viewers to its total listeners/viewers.

Tax Affected

General Corporation Tax

Tax Expenditure

Not available

PART IV

DETAILED REVIEW OF SELECTED TAX EXPENDITURE PROGRAMS

In previous issues of this report, Part IV has examined the economic and social impact of tax expenditure programs as required by the City Charter. Due to staff shortages, this year's report only provides an update of the average NYC taxes-per-worker calculations used in prior issues to help evaluate selected programs. We hope to resume more detailed reviews in future reports. The report does present new data ranking the City's industry sectors by the aggregate NYC taxes directly attributable to them. This analysis is based on the business and personal taxes paid by City firms and employees, sorted by industry sector (see Appendices III and IV).

Following is a description of the analysis normally provided in Part IV:

To aid in the analysis of economic and social impact, in prior issues of this report Part IV provided the following information for selected tax expenditure programs: the background, history and rationale; the unique program characteristics; the complexities of evaluation; the conclusions from the available data; and other issues which must be considered in evaluating impact but for which data are not available.

Specific data on economic and social impact are generally not available. For example, it cannot be known with certainty how many companies would actually relocate without a special incentive, how many employees would also relocate, how many jobs created subsequent to a special tax incentive are due entirely to the benefit, or whether property would remain undeveloped or vacant without special exemptions.

In order to provide an analytical perspective, a "break-even" analysis, representing the number of jobs which must be created or retained so that sufficient City tax revenues are generated to offset the cost of the tax expenditure program, has been applied where appropriate. The break-even point is based on average taxes per worker as determined by taxes and employment levels per industry, with tax revenues attributed to each industry sector directly generating the taxable economic activity.

The data on revenue per job were compiled by the Department of Finance from tax returns, the assessment roll and employment statistics, as described in Appendix III.

PART V

NEW YORK CITY TAX EXPENDITURES DERIVED FROM NEW YORK STATE ADMINISTERED CITY TAXES: THE SALES TAX AND PERSONAL INCOME TAX

This part of the report discusses the New York City Sales and Compensating Use Tax (Sales Tax) and the Personal Income Tax (PIT), which are administered by New York State. City tax expenditures for these taxes conform almost entirely with those of the State PIT and Sales Tax. Tax expenditures discussed in this section are not "official" City tax expenditures, as defined in the introduction of this report. Rather, many of these tax items would only very broadly be defined as tax expenditures and are presented in the section for informational purposes only.

Sales Tax Expenditures

The Sales Tax section contains the following information. First, a list is provided of all City sales tax expenditures, as derived from the New York State Department of Taxation and Finance Tax Expenditure Report, 1993-1994 (February 1993). Second, revenue estimates are provided for sales tax expenditures for which the Department of Finance has data. Finally, a table is provided comparing New York City sales tax policy regarding the exemption of services with the policies of major states. Data for this table were excerpted from a Federation of Tax Administrators (FTA) analysis of the issue.

Personal Income Tax Expenditure

The Personal Income Tax section provides a list of tax expenditures based on 1992 law, and two tables showing components of income and modifications to income of New York City resident filers in 1990. These tables are derived from a statistical sample of 1990 Personal Income Tax returns created by the New York State Department of Taxation and Finance.

Part V: Sales Tax

NEW YORK CITY SALES TAX EXPENDITURES

New York City generally imposes the sales and use tax on the same products and services to which the statewide sales and use tax applies. The following list identifies the sales tax expenditures common to both the State and the City unless otherwise noted. This list was derived from the New York State Department of Taxation and Finance, Tax Expenditure Report 1993-1994, (February 1993).

Services

Interstate and international telephone and telegraph service
Certain information services [1]
Services performed on a non-trade basis
Laundering, tailoring, shoe repair and similar services
Capital improvement installation services
Services related to railroad rolling stock
Services related to property delivered outside New York
Promotional materials mailed out of state
Certain parking and garaging services
Certain protective and detective services
Certain information services delivered
through telephone or telegraph services
Cable television

Food

Certain food products
Food sold to airlines
Food sold at school cafeterias
Food sold through certain vending machines
Taxable food purchased with food stamps
Water delivered through mains or pipes
Mandatory gratuity charges

Medical

Drugs, medicines and medical supplies
Eyeglasses, hearing aids, and prosthesis
Veterinarian services

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[1] Starting 1991, the City taxed credit rating and credit reporting whether rendered in written or oral form or in any other manner.

Sales Tax

Energy

Sales of energy sources for particular uses [2]

Transportation

Commercial vessels
Commercial aircraft
Aviation fuel sold to airlines
Foreign aircraft parts
Intra-family sales of motor vehicles
Motor vehicles sold to non-residents
Alternative fuel vehicles
Rental of trucks in certain cases
Commercial trucks weighing more than 26,000 pounds
Sales of property by railroads in reorganization

Communication

Newspapers and periodicals
Pennysavers
Telephone services used by the media
Coin operated telephone charges of 10 cents or less

Industry

Sales of certain tools and supplies used in production [3]
Farming exemption
Research and development property
Machinery and equipment used in production
Wrapping and packaging materials
Commercial fishing vessels

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[2] The City taxes sales of energy sources used in the production process. However, the City grants taxpayers a refundable credit against their business taxes for sales taxes paid on purchases of electricity used in the production process. The City also taxes energy sources used for residential purposes.

[3] Retail sales of parts with a useful life of one year or less and tools and supplies used in conjunction with production machinery and equipment are subject to City taxation.

Miscellaneous

Property sold through certain vending machines
Trade-in allowances
Hotel room rents paid by a permanent resident[4]
Dues for fraternal societies
Certain store coupons
Excise taxes imposed on the consumer
Property sold by morticians
United States and New York State flags
Garage sales at private residences
Portion of receipts from sales of mobile homes
Sales of used mobile homes
Sales of race horses through claiming races
Certain racehorses purchased outside the state
Training and maintaining racehorses
Property sold to contractor for capital improvements or repairs for exempt organizations
Property donated by manufacturer to tax exempt organization
Sales and use taxes paid to other states
Precious metal bullions and coins
Computer software transferred to affiliated corporations
Services to computer software
Self-use of computer software by its author

Exempt Organizations

New York State agencies and political subdivisions
Industrial development agencies
Federal agencies
United Nations
Diplomats and foreign missions
Charitable organizations
Veteran posts or organizations organized in New York
Indian nations and members of nations residing in New York
Purchases on U.S. military bases
Non-profit health maintenance organizations
Hospital service corporations
Rural electric cooperatives
Trash removal services rendered by or for a municipal corporation of the State other than New York City

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[4] The City defines permanent resident as an occupant of a hotel room for at least 180 consecutive days while the State defines permanent resident as an occupant for at least 90 consecutive days.

Exempt Admission Charges

Certain admission charges
Events given by charitable organizations, veterans' posts, and indian nations
Certain symphony orchestras & opera companies
National guard organizations
Municipal police and fire departments
Athletic games or exhibitions where proceeds go exclusively to elementary or secondary schools
Carnivals, rodeos & circuses for charitable organizations
Admissions to agricultural fairs, historic sites, houses & shrines

Credits

Credit for tangible property which is incorporated into real property outside the State
Credit for bulk purchases outside the State
Credit for tangible property sold by contractors in certain situations
Credit for tangible property assembled in State, but shipped outside the State
Credit for certain veterinary drugs
Credit for construction materials and supplies used in Economic Development Zones [5]
Credit for omnibus carriers providing local transit service

Others

Paging service sold to New York State agencies and political subdivisions

[5] The City did not grant this sales tax credit.

Table 8

TAX EXPENDITURE ESTIMATES FOR SELECTED EXEMPTIONS FROM THE SALES TAX BASE *

Tax Year 1992

Program	($ Million) Amount
Interstate and International Telephone and Telegraph	106
Newspaper and Periodicals	38
Aviation Fuel Sold to Airlines	35
Production Machinery and Equipment	20
Water Delivered Through Mains or Pipes	17
Cable Television	9
Airline Food and Drink for In-Flight Consumption	4

* These are the only sales tax base exemptions for which the New York City Department of Finance has estimates.

Interstate and International Telephone and Telegraph

Citation
Tax Law Section 1105(b)

Description
Interstate and international telephone and telegraph services are tax exempt.

Estimate
$106 million

Data Source
Federal Communications Commission

Newspapers and Periodicals

Citation
Tax Law Section 1115(a)(5)

Description
Newspapers and periodicals are exempt from sales and use tax.

Estimate
$38 million

Data Sources
New York City Newspapers
Magazine Publishers of America

Aviation Fuel Sold to Airlines

Citation
Tax Law Section 1115(a)(9)

Description
Aviation fuel sold to airlines is tax exempt.

Estimate
$35 million

Data Source
Port Authority of New York and New Jersey

Production Machinery and Equipment

Citation
Tax Law Section 1115(a)(12)

Description
Effective December 1, 1989, New York City exempts from sales taxation purchases of machinery and equipment (including parts with a useful life of more than one year) for use or consumption directly and predominantly in the production of tangible personal property, gas, electricity, refrigeration or steam for sale.

Sales of telephone central office equipment or station apparatus or comparable telegraph equipment for use directly and predominantly in receiving at destination or in initiating and switching telephone or telegraph communications are likewise exempt.

Tax Expenditure
$20 million

Data Source
New York City Department of Finance

Water Delivered Through Mains or Pipes

Citation
Tax Law Section 1115(a)(2)

Description
Purchases of water delivered to the consumer through mains or pipes are exempt.

Estimate
$17 million

Data Source
NYC Department of Environmental Protection

Cable Television Service

Citation
Tax Law Section 1105(c)(9)

Description
The provision of cable television services to households in New York City is tax exempt.

Estimate
$9 million

Source
New York State Commission on Cable Television

Airline Food and Drink for In-Flight Consumption

Citation
Tax Law Section 1105(d)(ii)(A)

Description
Sales of food and drink to airlines for in-flight consumption is exempt from sales taxes.

Estimate
$4 million

Data Sources
Port Authority of NY and NJ
Air Transport World

SALES TAXATION OF SERVICES

Faced with budget deficits and the need for new sources of revenue, states and localities have in recent years expanded their sales tax bases to include a wider array of transactions. One area of base broadening that has gained increased attention is the sales taxation of services. Historically, the sales tax has been imposed primarily on the retail sale of tangible personal products; sales of services have generally been exempt from sales taxation. Efforts to extend the sales tax to services have provoked heated controversy, with critics and proponents debating the economic, constitutional and tax administrative implications of such taxation. For informational purposes, the following table provides a list of services exempt from New York City sales taxation and compares City policy with the policies of selected states. The data in this table were derived, with certain modifications, from a recent report on sales taxation of services produced by the Federation of Tax Administrators.

SERVICES EXEMPT FROM NYC SALES TAXES SUBJECT TO TAXATION IN OTHER JURISDICTIONS

SERVICES EXEMPT FROM NYC SALES TAX	Sales Tax in Selected States NJ 6%	CT 6%	MA 5%	PA 6%	FL 6%	CA 6%	TX 6%	IL 6.25%	*Total No. of Taxing States*
Admissions & Amusements									
Admission to cultural events	Tax	Tax	--	--	Tax	--	Tax	--	30
Billiard parlors	--	--	--	--	Tax	--	Tax	--	21
Bowling alleys	--	--	--	--	--	--	Tax	--	23
Cable TV services	--	--	--	--	Tax	--	Tax	--	22
Pari-mutuel racing events	--	Tax	--	--	Tax	--	Tax	--	26
Pinball & other mechanical amusements	--	Tax	--	--	Tax	--	--	--	22
Automotive road & towing services	Tax	Tax	--	--	--	--	--	--	14
Business Services									
Advertising agency fees	--	Tax	--	--	--	--	--	--	6
Advertising time or space sales	Tax	--	--	--	--	--	--	--	4
Outdoors	--	--	--	--	--	--	--	--	3
Radio, television & publishing	Tax	--	--	--	--	--	--	--	4
Bail bond fees	--	--	--	--	--	--	--	--	5
Check & debt collection	--	--	--	Tax	--	Tax	--	--	8
Commercial art & graphic design	--	Tax	--	Tax	--	--	Tax	--	13
Commercial launderers	--	--	--	Tax	--	--	Tax	--	31
Employment agencies	--	Tax	--	Tax	--	--	--	--	9
Lobbying & consulting	--	Tax	--	Tax	--	--	--	--	8
Marketing	--	--	--	--	--	--	--	--	6
Packing & crating	--	--	--	--	--	--	--	--	8
Process server fees	--	--	--	--	--	--	--	--	6
Public relations, management consulting	--	Tax	--	--	--	--	--	--	7
Secretarial &/or court reporting services	--	Tax	--	Tax	--	--	--	--	9
Sign construction & installation	--	Tax	--	--	--	--	--	--	9
Telemarketing services on contract	--	--	--	--	--	--	--	--	6
Temporary help agencies	--	Tax	--	Tax	--	--	--	--	9
Test laboratories (excluding medical)	--	--	--	--	--	--	--	--	7

Data for this table were excerpted from FTA Research Report No. 137, Sales Taxation of Services: Who Taxes What? (April 1991), with updates as of June 30, 1993 of the sales tax changes in the states enumerated above.

Tax = taxed; -- = exempt

In Pennsylvania, court reporting services are exempt from sales tax.

SERVICES EXEMPT FROM NYC SALES TAXES SUBJECT TO TAXATION IN OTHER JURISDICTIONS

SERVICES EXEMPT FROM NYC SALES TAX	Sales Tax in Selected States NJ 6%	CT 6%	MA 5%	PA 6%	FL 6%	CA 6%	TX 6%	IL 6.25%	*Total No. of Taxing States*
Computer Services									
Mainframe access & processing	--	--	--	Tax	Tax	--	Tax	--	10
Software - custom programs - material	--	--	--	--	Tax	--	Tax	--	26
Software - custom programs - services	--	--	--	Tax	--	--	Tax	--	15
Construction									
Construction services	--	Tax	--	--	--	--	Tax	--	10
Gross income of contractors	--	Tax	--	--	--	--	Tax	--	10
Water well drilling	--	--	--	--	--	--	--	--	9
Finance, Insurance and Real Estate									
Bank service charges	--	--	--	--	--	--	--	--	3
Insurance services	--	--	--	--	--	--	Tax	--	6
Investment counseling	--	--	--	--	--	--	--	--	6
Loan broker fees	--	--	--	--	--	--	--	--	6
Property sales agents	--	--	--	--	--	--	--	--	5
Real estate management fees	--	--	--	--	--	--	--	--	5
Real estate title abstract services	--	--	--	--	--	--	--	--	5
Industrial and Mining Services									
Metal, non-metal & coal mining	--	--	--	--	--	--	--	--	6
Oil field services	--	--	--	--	--	--	Tax	--	10
Seismograph & geophysical services	--	--	--	--	--	--	--	--	7
Typesetting services	--	Tax	--	Tax	--	Tax	Tax	--	16
Leases & Rentals									
Chartered flights (with pilots)	Tax	--	Tax	--	--	--	--	--	11
Trailer parks - overnight	--	--	--	--	Tax	--	--	--	30
Packing & crating	--	--	--	--	--	--	--	--	7
Personal services									
Dating services	--	Tax	--	--	--	--	Tax	--	8
Debt counseling	--	--	--	--	--	--	--	--	6
Diaper service	--	--	--	--	--	--	Tax	--	23
Fishing & hunting guide services	--	--	--	--	--	--	--	--	9

SERVICES EXEMPT FROM NYC SALES TAXES SUBJECT TO TAXATION IN OTHER JURISDICTIONS

SERVICES EXEMPT FROM NYC SALES TAX	Sales Tax in Selected States NJ 6%	CT 6%	MA 5%	PA 6%	FL 6%	CA 6%	TX 6%	IL 6.25%	*Total No. of Taxing States*
Personal Services, continued									
Garment altering & repairing	--	Tax	--	--	Tax	--	Tax	--	20
Gift & package wrapping services	--	--	--	--	--	--	Tax	--	10
Income from funeral services	--	--	--	--	Tax	--	--	--	15
Laundry & dry cleaning, coin operated	--	--	--	--	--	--	--	--	10
Laundry & dry cleaning, non-coin	--	--	--	--	--	--	Tax	--	20
Personal instruction (golf,dance,tennis)	--	--	--	--	--	--	--	--	6
Shoe repair	--	Tax	--	--	Tax	--	Tax	--	19
Tax return preparation	--	Tax	--	--	--	--	--	--	7
Water softening & conditioning	--	--	--	Tax	--	--	--	--	11
Professional Services									
Accounting & bookkeeping	--	--	--	--	--	--	--	--	5
Attorneys	--	--	--	--	--	--	--	--	5
Dentists	--	--	--	--	--	--	--	--	4
Engineers	--	--	--	--	--	--	--	--	5
Land surveying	--	--	--	--	--	--	Tax	--	7
Medical test laboratories	--	--	--	--	--	--	--	--	4
Nursing services out-of-hospital	--	--	--	--	--	--	--	--	4
Physicians	--	--	--	--	--	--	--	--	4
Repair Services									
Labor repairs to comm'l fishing vessels	--	Tax	--	Tax	Tax	--	--	--	12
Labor repairs to interstate vessels	--	Tax	--	Tax	Tax	--	--	--	11
Travel agent services	--	--	--	--	--	--	--	--	4
Utilities - Industrial									
Interstate telephone & telegraph	Tax	Tax	Tax	--	Tax	--	Tax	Tax	20
Water	--	--	--	--	--	--	--	--	22
Utilities - Residential									
Interstate telephone & telegraph	Tax	Tax	Tax	--	--	--	Tax	Tax	19
Water	--	--	--	--	--	--	--	--	12

Florida imposes a sales tax rate of 7% on telephone services.

SERVICES EXEMPT FROM NYC SALES TAXES SUBJECT TO TAXATION IN OTHER JURISDICTIONS

SERVICES EXEMPT FROM NYC SALES TAX	Sales Tax in Selected States NJ 6%	CT 6%	MA 5%	PA 6%	FL 6%	CA 6%	TX 6%	IL 6.25%	*Total No. of Taxing States*
Utility & Transportation									
Income from intrastate transportation	--	--	--	--	--	--	--	--	11
Income from taxi operations	--	--	--	--	--	--	--	--	7
Interstate air courier (billed in-state)	--	--	--	--	--	--	--	--	1
Intrastate courier service	--	--	--	--	--	--	--	--	4
Local intra-city buses	--	--	--	--	--	--	--	--	8
Marina towing	--	--	--	--	Tax	--	--	--	8
Veterinary Services	--	--	--	--	--	--	--	--	4

Part V: Personal Income Tax

NEW YORK CITY PERSONAL INCOME TAX

New York City Personal Income Tax Modifications, 1992

The following list identifies items that modify personal income and tax liability for New York City PIT purposes. These items are primarily federal and state modifications which pass through in determining City taxable income. Items relating to the treatment of business income that may be reported under the personal income tax are not listed.

Federal Exclusions to Income

IRA and Keogh Contributions
Partial Exclusion of Income Earned Abroad
Special Treatment of Pension and Annuity Payments
Special Treatment of Limited Exception to Passive
    Loss Rules on Rental Real Estate
Exclusion of Capital Gains on Home Sales for Persons Over
    Age 55 and Deferral for Reinvesting
Exclusion of Qualifying Scholarship Income
Exclusion of Qualifying Employee Meals
Exclusion of Public Assistance Benefits
Exclusion of Veterans' Benefits
Exclusion of Employer Contributions for Medical Insurance
Exclusion of Employer Contributions for Pensions
Exclusion of Employer-Provided Child Care
Exclusion for Qualifying Armed Forces Benefits
Exclusion of Employer Paid Premiums on Life and Disability
    Insurance
Exclusion of Interest on Qualified NYS and Local Bonds
Parental Personal Exemption for Students
Capital Gains at Death

New York State Modifications

Pension/Annuity Exclusion
Social Security and Tier I Railroad Retirement Benefits
    - Taxable Social Security for Federal Purposes
    - Non-Taxable Social Security
U.S. Obligation Interest Exclusion
Exclusion of Government Pensions
Disability Income Exclusion

New York State Modifications, continued

Exclusion of Interest or Dividends on Obligations of a U.S. Agency
Tuition Deduction
Exclusion of Interest or Dividends on Obligations Federally
Taxable but New York Exempt

New York State Deductions and Exemptions

Standard Deduction

- Single:	$6,000
- Married/Joint:	9,500
- Head of Household:	7,000
- Married/Separate:	4,750

Itemized Deductions
- Medical/Dental Deduction
- Interest Deduction
- Charitable Contributions Deduction
- Casualty/Theft Deduction
- Taxes Paid Deduction
- Moving Expenses Deduction
- Miscellaneous Deductions Subject to 2% AGI Threshold
- Other Miscellaneous Deductions

Personal Exemptions
- Exemptions for dependents

New York City Credit

Household Credit

Components of Adjusted Gross Income and Summary of Deductions and Credits

The data presented in this section regarding the 1990 New York City Personal Income Tax (PIT) are based on a statistical sample of approximately 34,000 New York City personal income tax returns prepared by the New York State Department of Taxation and Finance. The total number of New York City resident returns filed exceeded 2.7 million.

The City PIT is administered by New York State and, accordingly, modifications to income such as exclusions, deductions and other adjustments allowed by the State in determining taxable income are automatically passed through to the City tax.

City PIT tax rates are set independently and may be used to modify the tax liability of particular income groups. The New York City Household Credit is a City-specific tax expenditure that reduced tax liability by $21 million in 1990.

The data presented reflect aggregate dollars claimed for each of the items listed. Due to the complex interactions of a variety of factors such as the progressive tax rate and the different income groups affected by each item, no attempt was made to convert the aggregate figures presented into a tax liability impact.

New York State adjustments to federal income, such as the pension exclusion, U.S. government bond interest, and state and local tax refunds, reduced Federal AGI by five percent, from $98.1 billion to $93.5 billion. Of the $21.7 billion in deductions applied against New York AGI, approximately three-quarters was attributable to the standard deduction. Dependent exemptions totalling $1.6 billion brought taxable income to $70.3 billion. The $2.3 billion liability attributable to this taxable income reflects an overall average tax rate of 3.3 percent.

Table 9

NEW YORK CITY PERSONAL INCOME TAX COMPONENTS OF ADJUSTED GROSS INCOME (AGI) TAX YEAR 1990 ($ Millions)

INCOME		
Wages	71,825	
Dividend/Interest	11,484	
Business Income	5,974	
Capital Gains	3,795	
SSI,Pension,IRA	4,156	
Other Income [a]	1,825	
Federal Adjustments [b]	(920)	
FEDERAL AGI		98,140
NY ADJUSTMENTS		
Pension Exclusion	(1,679)	
US Gov't Bond Interest	(1,780)	
State & Local Tax Refunds	(695)	
Taxable Social Security	(609)	
Other	(273)	
NY AGI [c]		93,503

Notes: [a] Other Income includes taxable tax refunds, unemployment compensation and alimony received.

[b] Federal Adjustments include IRA and Keogh plan contributions and alimony paid.

[c] NY AGI cannot be less than zero, unlike Federal AGI, which may have negative values.

Table 10

NEW YORK CITY PERSONAL INCOME TAX
SUMMARY OF DEDUCTIONS AND CREDITS
TAX YEAR 1990
($ Millions)

DEDUCTIONS		
ITEMIZED		
Taxes Paid	4,481	
Less Income Taxes	(3,733)	
Allowable Taxes	748	
Interest	3,850	
Contributions	1,418	
Medical expenses	527	
2% Miscellaneous [a]	962	
Other Miscellaneous [b]	151	
Adjustments [c]	(65)	
Subtotal	7,589	
High-income Limitation [d]	(950)	
TOTAL ITEMIZED	6,640	
STANDARD DEDUCTION	16,527	
UNUSED DEDUCTIONS [e]	(1,508)	
TOTAL DEDUCTIONS APPLIED		21,659
EXEMPTIONS		1,575
TAXABLE INCOME		70,270
NYC TAX	2,316	
NYC Household Credit	(21)	
Other Taxes [f]	2	
NYC TAX LIABILITY		2,297

Notes: [a] 2% Miscellaneous deductions are expenses such as education and employee expenses subject to a 2% of AGI threshold.

[b] Other Miscellaneous deductions include casualty & theft losses, moving expenses and other items not subject to the 2% threshold.

Table 10
(continued)

Notes: [c] Adjustments are minor New York State items affecting partners and subchapter S corporation shareholders.

[d] High-income limitation reduces itemized deductions by up to 20% for filers with NYAGI exceeding $100,000.

[e] Unused deductions represent the amount by which the allowable deductions exceed NYAGI.

[f] Other Taxes include the New York City minimum tax.

PART VI

SUMMARY OF AUDITS AND EVALUATIONS OF NEW YORK CITY TAX EXPENDITURES

Introduction

In accordance with the requirements of the City Charter, this section summarizes audits and evaluations of City tax expenditures conducted during the previous two years. Two evaluations meet this criterion: the Industrial and Commercial Incentive Program (ICIP) and the J-51 Tax Exemption/Tax Abatement Program.

New York City Department of Finance, Annual Report to the City Council on the Industrial and Commercial Incentive Program, December, 1992

Summary

The Industrial and Commercial Incentive Program (ICIP) was created on November 5, 1984 to stimulate economic development, particularly in economically depressed areas outside Manhattan's central business district. Specifically, the program offers property tax exemptions or permits the deferral of tax liability to encourage new construction or the modernization of existing industrial and commercial structures. The ICIP operates on an "as-of-right" basis, granting benefits to any projects meeting the eligibility and administrative requirements. By utilizing this "as-of-right" philosophy, the ICIP replaced the discretionary exemptions that were granted on a case-by-case basis by a previous program, the Industrial and Commercial Incentive Board (ICIB).

Although ICIP's authority expired on June 30, 1992, legislation has allowed the City of New York to restructure the program and to extend its life to June 30, 1999. Increased benefits will accrue to economically distressed neighborhoods in Brooklyn, Queens, the Bronx, Staten Island, and in Manhattan north of 96th Street. Additionally, the newly designed ICIP encourages the renovation of aging office buildings in lower and midtown Manhattan.

In fiscal 1992, the last year of the original structure of the ICIP, the program included 1,353 projects either receiving or eligible for exemption from real estate taxes, an increase of more than 250 projects from the previous fiscal year. There were 921 projects Citywide receiving benefits totalling $120 million, and an additional 432 projects which carry no exempt value but which are eligible for the benefit. The vast majority of the projects, 94 percent, are located outside Manhattan, although the benefits provided for these areas total only $47 million. As of March 31, 1992 there were also 1,281 preliminary applications for ICIP benefits on file with the Department.

This year, more ICIP exemptions and deferrals benefit projects with construction costs that are less than $10 million, with these projects receiving 26 percent of the funds, an increase from the 16 percent they received in fiscal 1991. The City will eventually be repaid more than 60 percent of the dollar benefits granted this year, representing tax deferrals for Manhattan projects. Final applications indicate that businesses participating in the ICIP program are expected to generate 83,000 jobs Citywide when the projects are completed.

Department of Housing Preservation and Development and Department of Finance, Annual Report J-51 Tax Exemption/Tax Abatement Program (Section 11-243) Fiscal Year 1991

Summary

"J-51" is the original name for what is now Section 11-243 of the Administrative Code of the City of New York. Started in 1955 to encourage landlords to upgrade cold water flats by installing heating and hot water systems, over time the J-51 program has been extended to encourage landlords and owners to repair and improve housing. By granting tax exemptions and abatements, the program provides real estate tax benefits for performing a wide range of restorative work of existing residential structures of three or more dwelling units, including major capital improvements (MCIs), substantial and moderate rehabilitations of existing vacant or occupied multiple dwellings, and some conversions to class A multiple dwellings.

In most cases, the J-51 Program grants a 12-year exemption from property taxation on the increase in assessed valuation resulting from approved alterations, improvements, or rehabilitations, although certain moderate rehabilitations or government assisted work is eligible for a 32-year exemption. J-51 also grants an abatement of property tax based on the lesser of the owner's claimed cost or the Certified Reasonable Cost (CRC) of the improvement. (The CRC is calculated by HPD and is subject to certain dollar limits listed in the program's regulations.) The abatement may be used to reduce taxes on both the improvement and the land at a specified rate for up to 20 years.

In 1983, changes were made in the J-51 program which severely restricted benefits for gut rehabilitations in prime neighborhoods in Manhattan. These included the establishment of a Tax Abatement Exclusion Zone with a maximum dollar limit; a Minimum Tax Zone, in which the abatement may not be used to reduce land taxes; and the Assessed Value Limitation, which reduces or eliminates tax exemptions in certain Manhattan buildings with assessed values for individual apartments exceeding $18,000. A 1988 amendment broadened the eligibility criteria for co-ops and condos retroactive to 1986, and provided "enriched benefits" for rehabilitated, vacant, city-owned buildings where work was performed with substantial government assistance.

Key Findings:

- The program benefitted 87,401 dwelling units in FY86 and 105,521 in FY91. Although the total number of J-51 awards issued increased each year over the period fiscal year 1987-1989, the number of awards issued has since fallen by 22 percent from the FY89 level. This reduction corresponded to a 12 percent decrease in the number of housing units that benefitted between 1989 and 1991.

- Manhattan, with 40 percent of total units, saw the largest increase of all the boroughs in total J-51 benefits granted, from 19 percent in FY87 to 25 percent in FY91. The Bronx, with 17 percent of the City's multiple dwelling units, was the other borough to experience a rise, from 18 percent in FY87 to 21 percent in FY91. Queens experienced no growth in benefits over the period; with 16 percent of the City's multiple dwelling, Queen's 28 percent share of the program remained unchanged. Since Staten Island has few multiple dwellings, it obtains less

than one percent of the benefits, although it did experience a decline from 0.7 percent to 0.3 percent in the period. Brooklyn's 26 percent share of benefits now matches its 26 percent share of the City's multiple dwelling housing stock, a decline from FY87's 34 percent of the benefit.

- MCIs, for which the majority of J-51 benefits were granted, increased significantly from FY87 to FY91 in the Bronx, Queens, and Manhattan, but declined slightly in Brooklyn and Staten Island. Gut rehabilitations declined somewhat in Manhattan and the Bronx yet dropped dramatically in Queens to close to their FY87 levels, after increasing substantially in FY89-90. In contrast, Brooklyn's activity rebounded after a relatively low volume in FY90.

- The number of privately financed improvements granted benefits grew over the period of fiscal years 1987-89, but fell in the subsequent two years. The volume of government funded units receiving J-51 benefits nearly tripled, after several years of decline, due to a significant rise in the number of housing units in the City's Ten Year Plan for Housing that are being rehabilitated with government assistance. This Ten Year Plan will continue to increase the volume of government funded units over the next several years.

- Since FY87, there has been a steady rise in the collectable real property tax for all properties receiving a J-51 benefits as a proportion of the total tax that would have been owed had there not been an exemption/abatement. The figure rose from 64 percent in FY87 to 72 percent in FY91.

- To reflect trends in actual costs, the CRC allowance schedule has been revised for construction that began as of January, 1989. Accordingly, the CRC awards increased on a per unit basis in FY91, and they should continue to rise until full implementation of the new schedule is achieved. The previous schedule revision was in 1980.

PART VII

DESCRIPTIONS OF MAJOR NEW YORK CITY TAXES

This section outlines the main features of New York City's major taxes.

Banking Corporation Tax

This tax is imposed on banking corporations, including commercial and savings banks, savings and loan associations, trust companies, and certain subsidiaries of banks, which do business in New York City in a corporate or organized capacity.

A banking corporation determines its tax liability by making three alternative calculations and comparing the results to a fixed minimum tax. The tax due is the largest of the following four amounts:

(1) 9 percent of the entire net income allocated to the City;

(2) 3 percent of alternative entire net income allocated to the City;

(3) one-tenth of a mill on each dollar of taxable assets allocated to New York City (except that alien banking corporations calculate a tax at the rate of 2.6 mills per dollar of issued capital stock allocated to the City);

(4) $125 minimum tax.

Commercial Rent Tax

This tax is imposed at the rate of 6 percent of the base rent paid by tenants of premises used to conduct any business, professional or commercial activity where the annual base rent is $11,000 or greater. If the annual base rent is less than $11,000, there is no tax due.

General Corporation Tax

This tax is imposed on those corporations, both domestic and foreign, which do business, employ capital, own or lease property or maintain an office in New York City.

A corporation determines its tax liability by making three alternative calculations and comparing the results to a fixed minimum tax. The primary tax liability is the largest of the four following amounts:

(1) 8.85 percent of the corporation's entire net income allocated to the City;

(2) 0.15 percent of the firm's business and investment capital allocated to the City (or 0.04 percent for cooperative housing corporations);

(3) 8.85 percent of 30 percent of the sum of entire net income plus the compensation paid to corporate officers and certain shareholders, allocated to the City;

(4) $300 minimum tax.

In addition to the primary tax liability, a tax on subsidiary capital is also payable. The subsidiary tax is at the rate of 0.075 percent of subsidiary capital allocated to the City.

Mortgage Recording Tax

This tax is imposed on the recording of real estate mortgages in New York City.

For those mortgages that are less than $500,000:

- the rate is $1.00 per $100 of indebtedness.

For those mortgages that are $500,000 or more the rate varies:

- For mortgages on 1, 2, or 3 family homes or individual residential condominium units the rate is $1.125 per $100 of indebtedness.

- For all other mortgages that are $500,000 or more the rate is $1.75 per $100 of indebtedness.

Personal Income Tax and Non-Resident Earnings Tax

These taxes are imposed on the taxable income of every resident of New York City and on the New York city wages and net earnings from self-employment of every non-resident of the City. The City's definitions of taxable income and itemized deductions follow, with certain modifications, Federal and State law.

The personal income tax rates imposed on every resident of New York City for 1992 range from 2.51 percent to 4.46 percent.

The non-resident earnings tax is imposed at the rate of 0.45 percent on wages earned and 0.65 percent on net earnings from self-employment.

Real Property Tax

Under Article 18 of the Real Property Tax Law, real property in New York City is divided into different classes:

(1) Class 1 consists of 1, 2, and 3 family residential property, small condominiums, and certain vacant land zoned for residential use;

(2) Class 2 consists of all other residential property, including cooperatives and condominiums;

(3) Class 3 consists of utility company equipment and special franchises; and

(4) Class 4 consists of all other real property, such as office buildings, factories, stores, hotels and lofts.

New York City assesses properties at a uniform percentage of market value within each class of real property, applying class specific tax rates to determine tax liability. For fiscal 1993 the real property tax rates are as follows:

(1) For Class 1, the tax rate is $10.888 per $100 of assessed value.

(2) For Class 2, the tax rate is $9.910 per $100 of assessed value.

(3) For Class 3, the tax rate is $12.794 per $100 of assessed value.

(4) For Class 4, the tax rate is $10.698 per $100 of assessed value.

Real Property Transfer Tax

This tax is imposed on the transfer of real property located in New York City and on the transfer of a controlling economic interest in real property located in New York City.

The rates of the real property transfer tax for residential properties (1, 2 or 3 family homes, an individual residential condominium unit, or an individual cooperative apartment) are the following:

- For residential properties transferred for a consideration of $500,000 or less, the rate is 1 percent of the consideration.
- For residential properties transferred for a consideration of more than $500,000, the rate is 1.425 percent of the consideration.

For properties other than the residential properties referred to above:

- the tax rate is 1.425 percent if the consideration is not more than $500,000; and
- 2.625 percent if the consideration is more than $500,000.

Sales Tax

This tax is imposed on the sale or use of tangible personal property and certain services; sales of gas, electricity, steam, refrigeration, and intrastate telephone and telegraph services; food and beverages sold by restaurants and caterers; hotel and motel occupancies; admission charges to certain places of amusement; and club dues. The tax rate is 4 percent.

In addition, a New York City sales and use tax is imposed on charges for the parking or garaging of motor vehicles. The basic tax rate imposed on the parking charge is 6 percent; an additional 8 percent tax is imposed on parking. (Manhattan residents who meet certain conditions are exempt from the 8 percent tax.)

Unincorporated Business Tax

This tax is imposed on every individual or unincorporated entity carrying on a trade, business or profession wholly or partly within New York City.

The unincorporated business tax is imposed at the rate of 4 percent of taxable income allocable to New York City.

Utility Tax

This tax is imposed on every utility and vendor of utility services which does business in New York City. Utilities are those companies that are subject to the supervision of the New York State Department of Public Service. They include gas and electric companies and telephone companies. Vendors of utility services include those who sell gas, electricity, steam, water, refrigeration, or telephone or telegraph services, or who operate omnibuses, whether or not those activities represent the vendor's main business.

The basic utility tax rate is 2.35 percent of gross income or gross operating income. Different rates apply to bus companies and railroads.

APPENDICES

INTRODUCTION

This section includes:

Appendix I	New York City Charter Section 240
Appendix II	State Tax Expenditure Report Summary Table
Appendix III	Calculation of Taxes Per Worker
Appendix IV	NYC Taxes Directly Related to City Employment
Appendix V	Real Property Tax Expenditure Statistical Supplement

APPENDIX I

NEW YORK CITY CHARTER SECTION 240

Tax Benefit Report. Not later than the fifteenth day of February the mayor shall submit to the council a tax benefit report which shall include:

a. a listing of all exclusions, exemptions, abatements, credits or other benefits allowed against city tax liability, against the base or the rate of, or the amount due pursuant to, each city tax, provided however that such listing need not include any benefits which are applicable without any city action to such city tax because they are available in regard to a federal or state tax on which such city tax is based; and

b. a description of each tax benefit included in such listing, providing the following information:

1. the legal authority for such tax benefit;

2. the objectives of, and eligibility requirements for, such tax benefit;

3. such data and supporting documentation as are available and meaningful regarding the number and kind of taxpayers using benefits pursuant to such tax benefit and the total amount of benefits used pursuant to such tax benefit, by taxable and/or fiscal year;

4. for each tax benefit pursuant to which a taxpayer is allowed to claim benefits in one year and carry them over for use in one or more later years, the number and kind of taxpayers carrying forward benefits pursuant to such tax benefit and the total amount of benefits carried forward, by taxable and/or fiscal year;

5. for nineteen hundred ninety and each year thereafter for which the information required by paragraphs three and four are not available, the reasons therefor, the steps being taken to provide such information as soon as possible, and the first year for which such information will be available;

6. such data and supporting documentation as are available and meaningful regarding the economic and social impact and other consequences of such tax benefit; and

7. a listing and summary of all evaluations and audits of such tax benefit issued during the previous two years.

APPENDIX II

STATE TAX EXPENDITURE REPORT SUMMARY TABLE

State	Fiscal Year(s)	Release Date	Other Data Provided: Historical Data	Other Data Provided: Projections	Taxes Examined: Local	Taxes Examined: State	Cost-Benefit Methodology
Alabama	1990	9/90	--	--	--	I,S,P,O	--
Arizona	1991-92	3/91	--	--	P	I,S,P,O	--
Arkansas	1988	11/88	--	--	--	S	--
California	1991-92	12/92	**	**	C,S,P	I,C,S,O	**
Connecticut	1991-92	12/92	**	--	--	I,C,S,O	--
Delaware	1991-92	1/92	**	--	--	I,C,O	--
Florida	1993-94	1/93	--	--	O	C,S	--
Hawaii	1990	8/92	**	--	--	I,O	--
Idaho	1992	1/93	**	**	--	I,S,O	--
Illinois	1991	6/92	**	--	--	P	--
Indiana	1989	12/89	--	--	--	I,C,S,O	--
Kansas	1992	12/92	--	--	--	S,P,O	--
Kentucky	1991-92	12/92	--	--	--	C,S,O	--
Louisiana	1990-91	3/90	**	**	--	I,C,S,O	**
Maine	1992	1/93	**	**	--	I,S,P	--
Maryland	1994	1/93	**	**	I,O	I,C,S,P,O	--
Massachusetts	1994	1/93	--	**	--	C,S,P,O	--
Michigan	1990-92	2/93	--	--	I,P,O	I,C,S,P,O	--
Minnesota	1993-95	2/93	**	**	--	I,C,S,P,O	--
Mississippi	1992	12/92	--	--	--	I,C,S,O	--
Missouri	1991-92	1/93	**	**	--	I,C,S,O	--
Montana	1994-95	1/93	--	**	--	I,C,P,O	--
Nebraska	1992	10/92	--	--	P,O	I,C,S,P,O	--
New Hampshire	1992	1/93	**	--	--	C,O	--
New Mexico	1987-88	3/87	--	**	--	I,C,O	--
New York State	1993-94	2/93	**	**	--	I,C,S,O	--
North Carolina	1992	10/92	--	--	S	I,C,S,O	--
Ohio	1994-95	1/93	**	**	--	I,C,S,O	--
Pennsylvania	1991-92	9/92	--	--	--	I,C,S,O	--

Tax Type: I = individual income; C = corporate; S = sales; P = property; O = other.
Special Symbols: ** = yes; -- = no; N/G = not given.

State	Fiscal Year(s)	Release Date	Other Data Provided: Historical Data	Other Data Provided: Projections	Taxes Examined: Local	Taxes Examined: State	Cost-Benefit Methodology
South Carolina	1991-93	9/90	--	**	--	I,C,S,P	--
South Dakota	1992	12/92	--	--	S,P	S,O	--
Tennessee	1993-94	1/93	--	**	S	C,S,O	--
Texas	1993	1/93	--	--	--	C,S	--
Utah	1990	10/91	**	--	--	S	**
Virginia	1990-94	12/92	--	--	--	S	**
Washington	1992	1/92	**	**	S,P,O	C,S,P,O	**
West Virginia	1992-93	1/93	**	--	S	I,C,S,O	**
Wisconsin	1991-92	2/93	--	--	--	I,C,S,P,O	--

Tax Type: I = individual income; C = corporate; S = sales; P = property; O = other.
Special Symbols: ** = yes; -- = no; N/G = not given.

APPENDIX III

CALCULATION OF AVERAGE NEW YORK CITY TAXES PER WORKER

The value of New York City average taxes per worker is calculated in two basic ways. For taxes paid by businesses, industry sector tax liability from Department of Finance Office of Tax Policy data is divided by sector employment to determine average business taxes per worker. For taxes paid by individuals, payroll data are divided by employment data to estimate average wages per sector, which are then converted by Office of Tax Policy ratios into personal income of residents and nonresidents per sector to determine average income taxes and sales taxes per worker.

The estimate of average City taxes per worker is the sum, by sector, of average business taxes per worker and average individual taxes per worker. Employment data are for calendar year 1990 and tax data are for tax year 1990, which roughly corresponds to calendar year 1990. The final values are grown to calendar year 1992, according to the growth in the tax liability/employment ratio over the two-year period.

Eight City taxes are included in the calculations: Real Property Tax, Banking Corporation Tax, General Corporation Tax, Unincorporated Business Tax, Utility Tax, Commercial Rent Tax, Personal Income Tax and Sales Tax. (Minor City taxes, such as the Hotel Room Occupancy Tax, Cigarette Tax and Beer and Liquor Excise Tax, which are not directly related to primary City business activities, are not included in the calculations.) The industry sectors are: FIRE, Services, Manufacturing, Wholesale Trade, Retail Trade, Construction, Transportation-Communications-Utilities and Government.

In previous issues of this report, the average taxes-per-worker calculations were used to conduct a "break-even" analysis of selected tax expenditure programs. The analysis calculated the amount of measurable benefits which would have to be achieved in order to offset known program costs and was used to help evaluate the programs. This year's report does not include a detailed review of any tax expenditure program.

The table below shows the calculated values of average taxes per worker by industry sector. The second and third columns show these values with property taxes excluded, and for all City taxes including those on property.

Calculation of Average Taxes per Worker

Industry Sector	Non-Property Taxes Average per worker	All Taxes Average per worker
FIRE	$3,528	$4,970
Services	1,863	2,621
Manufacturing	2,220	2,924
Wholesale Trade	2,386	2,738
Retail Trade	1,310	2,018
Construction	1,995	1,995
Transp. & Public Utilities	1,756	1,756
Government	1,042	1,319
ALL SECTORS	**$2,026**	**$2,698**

The methodology and data sources used to calculate the average taxes per worker for each tax are detailed below.

1. Business Income Taxes: General Corporation Tax (GCT)
   Unincorporated Business Tax (UBT)
   Banking Corporation Tax (BCT)

Department of Finance (DOF) Office of Tax Policy databases contain the distribution of GCT and UBT liability by industry sector; the Bank Tax is allocated entirely to the FIRE sector. Total business income taxes per sector are then divided by sector employment to determine business income taxes per sector per worker.

Sources: DOF Tax Policy Stat Unit data; NYS Department of Labor (DOL) employment data

2. Personal Income Tax (PIT)

For each industry sector, payroll data is divided by employment data to determine average wages per employee. The average wage is converted into taxable income to determine the value of taxes paid by City residents under the PIT, and by non-resident workers under the Non-Resident Earnings Tax. A weighted average of resident/non-resident taxes per sector per worker is determined using Census Journey-to-Work data and DOF PIT/Non-Resident Tax data.

Sources: DOF Tax Policy PIT data; US Census Journey-to-Work data; NYS DOL data

3. Sales Tax (STX)

The business share of the Sales Tax is assumed to be distributed according to the sector distribution of business taxable income, as identified from GCT, UBT and BCT databases by the Office of Tax Policy. Industry sector STX shares are then divided by sector employment to determine average business STX paid per worker.

The average individual STX paid per worker is determined from wage and income data for residents and non-residents according to #2, above, combined with BLS Consumer Expenditure Survey data to determine average taxable consumer expenditures at various income levels for residents and non-residents. A weighted average of resident and non-resident STX paid is used to determine the average tax per individual worker. The average Sales Tax per sector per worker is the sum of the business share per worker and the individual share per worker.

Sources: NYC Tax Study Commission data; DOF Tax Policy Stat Unit and PIT data; NYS DOL data

4. Commercial Rent Tax

Department of Finance Commercial Rent Tax (CRT) processing tapes which do not have identifying industry codes are matched by business identification number with Tax Policy business income tax databases to identify each CRT filer's industry sector. CRT liability is then calculated by industry sector, and liability is divided by sector employment to determine average CRT per sector per worker.

Sources: DOF Management Information Systems (MIS) CRT tapes; DOF Tax Policy Stat Unit and PIT data; NYS DOL data

5. Real Property Tax

The billable assessed value for Class 4 (non-residential, non-utility) buildings - net of the value of land which is assumed to be independent of the number of employees - is allocated to industry sector according to building classification, with the exception of the class "office buildings" which cannot be specifically identified by sector. For office buildings, the billable assessed value is assumed to be distributed by sector in proportion to the distribution of employment by sector. Billable assessed value for each industry sector is totaled and multiplied by the tax rate to determine tax liability, which is then divided by sector employment to determine the average property tax paid per sector per worker.

Sources: DOF Real Property Assessment Division (RPAD) data; Tax Policy Real Property data; Tax Policy Stat Unit data; NYS DOL data

6. Utility Tax (UTX)

Utility Tax liability is distributed one-third to commercial customers, based on NYS Public Service Commission data. (Residential utility taxes are assumed to be independent of employment and are not included in the calculation of taxes per worker.) Business UTX is assumed to be distributed among industry sectors in proportion to the sector distribution of business taxable income, as described in #4 above. Sector liability is then divided by sector employment to determine UTX paid per worker.

Sources: NYS Public Service Commission data; DOF Tax Policy Stat Unit data; NYS DOL data

APPENDIX IV

NYC TAXES DIRECTLY RELATED TO CITY EMPLOYMENT BY INDUSTRY SECTOR TAX YEAR 1992

For the first time, this year's report includes a ranking of industry sectors based on the City taxes directly attributable to them. The ranking derives from the taxes-per-worker analysis described in Appendix III and utilizes the same methodological assumptions. For taxes paid by businesses, aggregate City tax liability is sorted by industry sector. For taxes paid by individuals, average taxes per worker calculated by industry sector are multiplied by industry-sector employment levels to determine the aggregate individual taxes attributable to the sectors. The two amounts are combined to provide the total taxes directly attributable to an industry sector. As in the average taxes-per-worker analysis, the calculation of total taxes is not intended to capture marginal revenues resulting from new employment, either directly or indirectly through "multiplier effects."

The first table presented below provides a ranking of one-digit industry sectors in descending order of total taxes attributable to the sectors. Following is a more detailed two-digit industry sector listing. For comparison purposes, the average taxes-per-worker and NYC employment rankings of the industry sectors are provided.

Please note that for several two-digit sectors, the average taxes-per-worker numbers are atypically high. This is due to the presence in the City of management offices and employees with relatively high City tax liabilities compared to the number of City workers employed in those sectors. Thus, for example, Petroleum Refining is ranked first in average taxes per worker but last in City employment.

NYC Taxes Directly Related to City Employment [1]
By One-Digit Industry Sector
Tax Year 1992 [2]

Rank	Sector	Total Taxes	Taxes per Worker	TPW Rank	Employment Rank
	All Industries	8,691.8	2,697.97		
	Private	7,796.7	2,932.68		
1	Services	2,794.5	2,620.74	5	1
2	FIRE	2,344.7	4,970.35	1	3
3	Government	742.6	1,318.90	10	2
4	Retail Trade	695.4	2,017.97	8	4
5	Nondurable Manufacturing	660.1	3,021.28	2	5
6	Wholesale Trade	513.1	2,738.16	3	7
7	Transport and Public Utilities	351.6	1,756.44	9	6
8	Durable Manufacturing	195.5	2,729.27	4	9
9	Construction	167.5	1,994.64	7	8
10	Agriculture, Forestry, and Fisheries	2.1	838.39	11	10
11	Mining	0.9	2,192.31	6	11

[1] Employment numbers are from the NYS Department of Labor Unemployment Insurance Series (ES 202), which matches the data and industry sectors used to calculate the average taxes-per-worker. The ES 202 data slightly understates NYC employment since it does not include employees not covered by unemployment insurance. Taxes included in the calculations are: Real Property Tax (Class 4 Buildings only), Banking Corporation Tax, General Corporation Tax, Unincorporated Business Tax, Utility Tax, Commercial Rent Tax, Personal Income Tax, and Sales Tax. Minor taxes not directly related to primary City business activities are not included.

[2] Grown from tax year 1990. See Appendix III for discussion of methodology.

NYC Taxes Directly Related to City Employment
By Two-Digit Industry Sector
Tax Year 1992

Rank	Sector	Total Taxes	Taxes per Worker	TPW Rank	Employment Rank
1	Depository Institutions	808,046,590	5,675.60	7	4
2	Security & Commodities	786,185,684	6,044.89	5	6
3	Business Services	580,090,103	2,825.34	25	3
4	Local Government	556,718,715	1,252.29	60	1
5	Medical & Other Health Services	486,270,213	1,758.06	51	2
6	Legal Services	408,502,332	5,780.42	6	16
7	Engineering, Accounting & Related	292,427,818	3,397.99	15	11
8	Nondurable Wholesale Trade	287,086,575	2,663.56	31	8
9	Real Estate	286,463,762	3,048.36	21	9
10	Printing & Publishing	252,743,346	3,474.18	14	14
11	Durable Wholesale Trade	221,860,372	2,786.67	28	13
12	Apparel	178,707,435	2,120.10	45	12
13	Holding & Other Investments	171,223,684	10,717.56	3	41
14	Social Services	169,516,141	1,264.31	59	5
15	Insurance Carriers	162,437,305	2,869.61	23	19
16	Miscellaneous Retail	152,315,874	2,777.92	29	21
17	Communications	145,052,271	2,398.39	36	17
18	Hotels	138,917,066	4,361.88	10	28
19	Amusement & Recreation	129,505,359	3,116.78	20	24
20	Eating & Drinking Places	127,449,785	1,100.93	62	7
21	Educational Services	122,665,126	1,390.98	58	10
22	Insurance Agents, Brokers & Services	110,933,234	4,370.72	9	31
23	Special Trade Contractors	107,607,164	1,810.08	48	18
24	Federal Government	107,461,258	1,511.79	54	15
25	General Merchandise	94,524,977	2,348.80	39	26
26	Apparel & Accessories	93,194,419	2,309.25	40	25
27	Food Stores	81,056,980	1,450.17	57	20
28	Motion Pictures	77,712,940	3,953.25	13	35
29	State Government	77,525,980	1,636.09	53	22
30	Chemicals & Allied Products	73,010,281	4,468.47	8	40
31	Membership Organizations	68,522,924	1,783.75	50	27
32	Air Transportation	65,995,802	1,504.01	55	23
33	Automotive Repair & Garages	50,377,193	2,601.86	33	36
34	Nondepository Institutions	49,787,732	6,753.63	4	52
35	Misc Manufacturing Industries	48,186,878	2,165.99	43	32

NYC Taxes Directly Related to City Employment
By Two-Digit Industry Sector
Tax Year 1992

Rank	Sector	Total Taxes	Taxes per Worker	TPW Rank	Employment Rank
36	Personal Services	47,403,951	1,843.79	47	30
37	General Building Contractors	44,996,985	2,725.44	30	39
38	Food & Kindered Products	44,924,293	2,816.92	26	42
39	Electrical Equipment	43,734,807	3,188.60	19	43
40	Furniture Homefurnishings	37,854,252	2,278.04	41	38
41	Auto Dealers & Gas Stations	37,435,547	2,840.76	24	44
42	Electric, Gas & Sanitary	35,889,193	1,648.26	52	33
43	Motor Freight & Warehousing	33,736,530	1,200.97	61	29
44	Transportation Services	31,578,334	1,497.74	56	34
45	Misc Repair Services	29,834,895	4,257.87	12	53
46	Textile Mill Products	28,775,672	2,441.10	35	46
47	Fabricated Metal Products	25,245,641	2,397.50	37	47
48	Building Materials	25,092,934	3,249.54	17	51
49	Instruments, Photo & Optical Goods	22,379,027	4,297.05	11	56
50	Tobacco Products	21,168,406	20,958.82	2	64
51	Local & Sub Transit	19,626,940	1,046.32	64	37
52	Paper & Allied Products	19,363,933	2,372.74	38	48
53	Industrial & Commercial Machinery	18,833,116	3,211.10	18	55
54	Gen Contractors other than Buildings	17,135,146	2,136.82	44	49
55	Water Transport	11,985,043	1,952.92	46	54
56	Furniture & Fixtures	11,167,175	2,447.87	34	58
57	Rubber & Misc Plastics	8,225,361	1,786.57	49	57
58	Museums, Art Galleries & Gardens	8,095,970	1,048.16	63	50
59	Transportation Equipment	8,029,732	2,893.60	22	60
60	Leather & Leather Products	7,776,323	2,230.73	42	59
61	Lumber & Wood	7,092,281	2,662.27	32	61
62	Stone, Clay & Glass	6,532,739	2,808.57	27	62
63	Primary Metal Industries	5,787,400	3,339.53	16	63
64	Petroleum Refining	4,713,367	44,465.73	1	65
65	Private Households	4,071,129	326.66	65	45

APPENDIX V

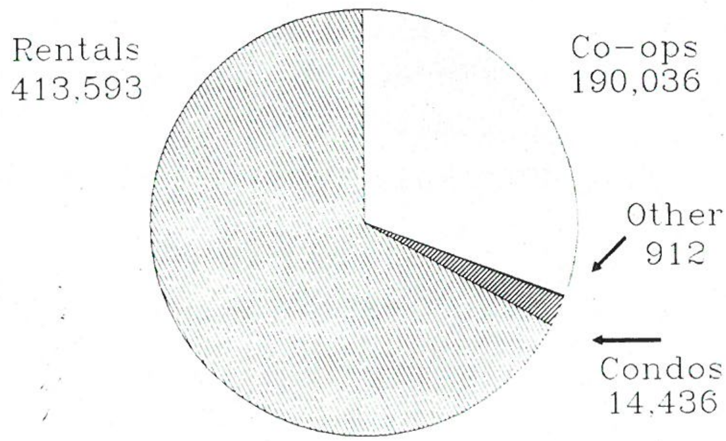
REAL PROPERTY TAX EXPENDITURE

Included in the statistical appendix of this year's annual report, is a distribution of residential property tax expenditures. This appendix provides information on the number of housing units, the exempt assessed value, and the taxable assessed value for the City's various residential tax expenditure programs. The appendix also provides this information by Borough and Citywide, and by type of housing unit.

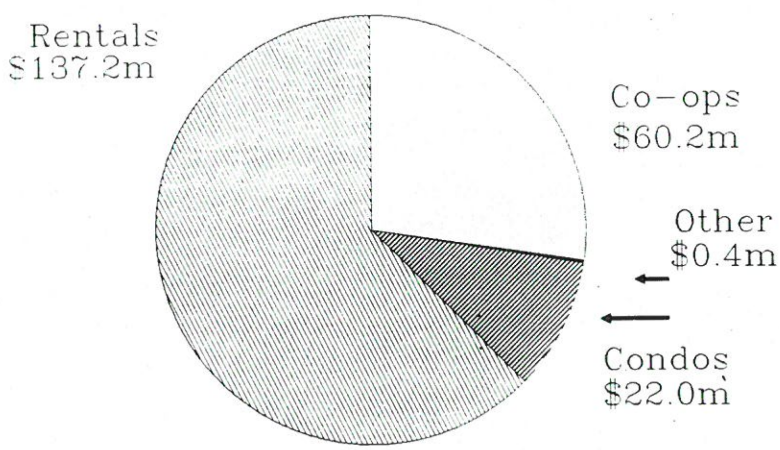
It should be noted that the number of exemptions presented in Part II of this report may not equal the number of properties presented in this appendix. For example, a single property may receive more than one J-51 exemption if the rehabilitation of the property consisted of separate improvements initiated at separate times. Consequently, the data in Part II would account for two exemptions, while the statistical appendix would count one property.

Distribution by Housing Type
J-51 Program

Distribution of Housing Units



Distribution of Benefits



Distribution of Exemptions
By Borough and Property Type

Program: J-51

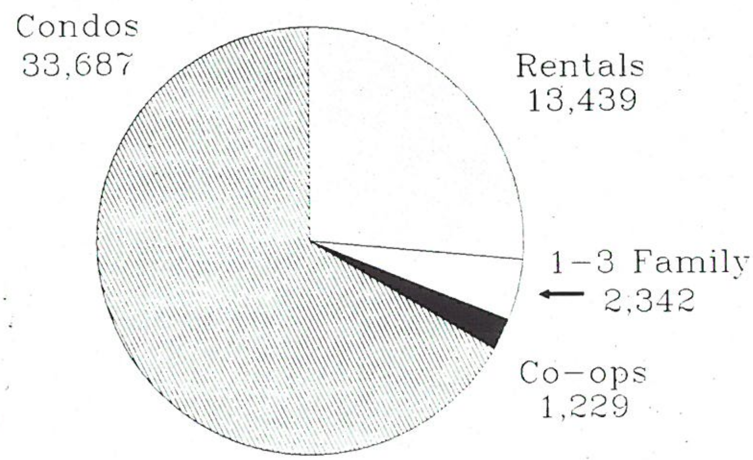
($ Millions)

		Citywide	Manhattan	Bronx	Brooklyn	Queens	Staten Island
1-3 Family	Total Units	338	38	8	263	26	3
	Exemption Units	105	18	3	75	6	3
	Abatement Only Units	233	20	5	188	20	0
	Exempt Assessed Value	$0.4	$0.1	$0.0	$0.3	$0.0	$0.0
	Taxable Assessed Value	$2.4	$0.7	$0.0	$1.4	$0.2	$0.0
	Total Abatement	$0.1	$0.0	$0.0	$0.1	$0.0	$0.0
Condos	Total Units	14,436	8,171	59	2,052	3,726	428
	Exemption Units	5,378	2,560	57	1,789	791	181
	Abatement Only Units	9,058	5,611	2	263	2,935	247
	Exempt Assessed Value	$145.3	$101.2	$0.4	$34.3	$7.4	$2.0
	Taxable Assessed Value	$606.6	$501.9	$2.3	$21.2	$77.0	$4.2
	Total Abatement	$7.5	$4.7	$0.0	$1.4	$1.3	$0.1
Cooperatives	Total Units	190,036	58,806	13,196	42,221	74,727	1,086
	Exemption Units	16,955	6,951	3,161	4,121	2,463	259
	Abatement Only Units	173,081	51,855	10,035	38,100	72,264	827
	Exempt Assessed Value	$320.9	$224.0	$15.6	$63.7	$11.1	$6.5
	Taxable Assessed Value	$3,091.6	$1,389.8	$176.0	$510.2	$1,001.1	$14.5
	Total Abatement	$28.2	$11.1	$1.9	$6.7	$8.3	$0.2
Rentals	Total Units	413,593	113,918	95,906	115,962	85,349	2,458
	Exemption Units	72,359	15,352	34,920	17,207	4,616	264
	Abatement Only Units	341,234	98,566	60,986	98,755	80,733	2,194
	Exempt Assessed Value	$630.2	$224.0	$15.6	$63.7	$11.1	$6.5
	Taxable Assessed Value	$4,011.8	$1,646.2	$548.8	$898.5	$897.2	$21.1
	Total Abatement	$74.4	$23.5	$21.0	$18.5	$11.1	$0.3
Mixed Use[1]	Total Units	574	127	26	361	60	0
	Exemption Units	14	2	0	12	0	0
	Abatement Only Units	560	125	26	349	60	0
	Exempt Assessed Value	$0.3	$0.0	$0.0	$0.3	$0.0	$0.0
	Taxable Assessed Value	$9.5	$4.4	$0.4	$4.0	$0.7	$0.0
	Total Abatement	$0.2	$0.1	$0.0	$0.1	$0.0	$0.0
All	Total Units	618,977	181,060	109,195	160,859	163,888	3,975
	Exemption Units	94,811	24,883	38,141	23,204	7,876	707
	Abatement Only Units	524,166	156,177	71,054	137,655	156,012	3,268
	Exempt Assessed Value	$1,097.1	$554.6	$238.7	$243.0	$50.6	$10.2
	Taxable Assessed Value	$7,721.8	$3,543.0	$727.5	$1,435.3	$1,976.2	$39.8
	Total Abatement	$110.4	$39.4	$22.9	$26.8	$20.7	$0.6
	Number of Properties With Unit Data	19,861	60	2,309	5,767	9,556	2,169
	Number of Properties Without Unit Data	70	0	28	20	5	17

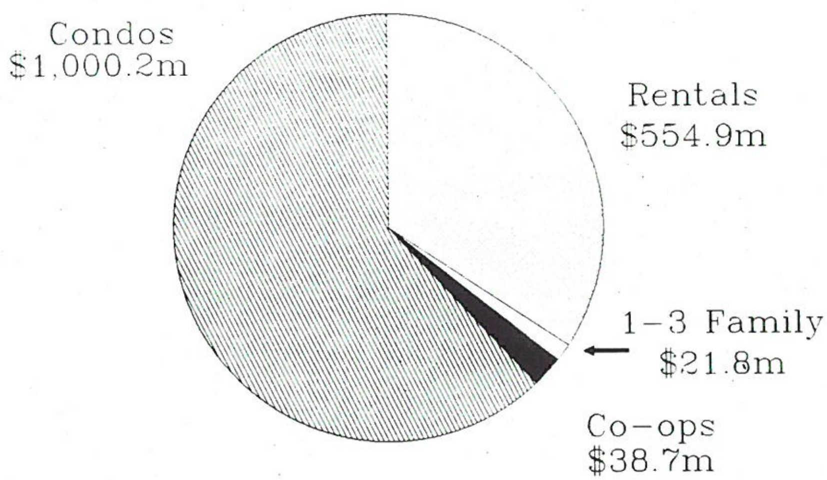
1 Mixed Used properties include structures that combine residential with retail or office uses.

Distribution by Housing Type
421-A Program

Distribution of Housing Units



Distribution of Exempt Value



Distribution of Exemptions By Borough and Property Type

Program: 421-A Exemption

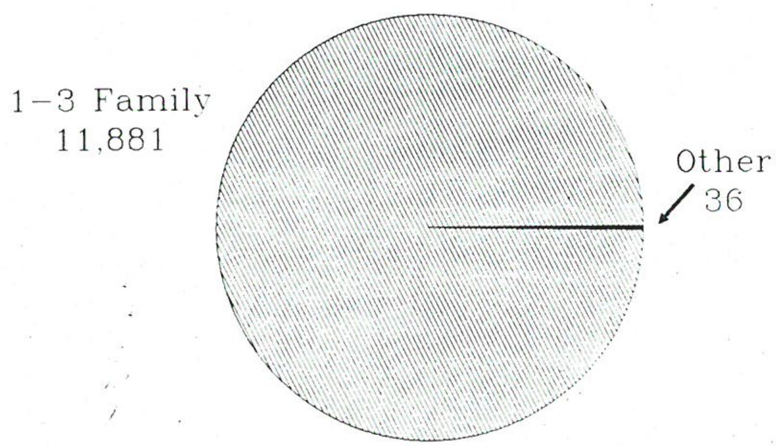
($ Millions)

		Citywide	Manhattan	Bronx	Brooklyn	Queens	Staten Island
1-3 Family	Number of Units	2,342	0	920	689	691	42
	Exempt Assessed Value	$21.8	$0.0	$7.0	$7.7	$7.0	$0.1
	Taxable Assessed Value	$11.9	$0.0	$1.8	$5.6	$4.2	$0.3
Condos	Number of Units	33,687	16,314	810	3,493	7,008	6,062
	Exempt Assessed Value	$1,000.2	$744.0	$18.7	$59.0	$133.1	$45.4
	Taxable Assessed Value	$661.38	$559.9	$4.2	$10.8	$57.6	$28.8
Cooperatives	Number of Units	1,229	754	0	427	48	0
	Exempt Assessed Value	$38.7	$32.4	$0.2	$5.2	$0.9	$0.0
	Taxable Assessed Value	$49.4	$43.1	$0.0	$5.7	$0.6	$0.0
Rentals	Number of Units	13,439	11,016	197	608	1,473	145
	Exempt Assessed Value	$554.9	$440.3	$5.9	$24.2	$80.4	$4.1
	Taxable Assessed Value	$350.4	$326.7	$1.4	$7.9	$14.0	$0.4
Mixed Use[1]	Number of Units	8	0	0	0	8	0
	Exempt Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
	Taxable Assessed Value	$0.3	$0.0	$0.0	$0.0	$0.3	$0.0
All	Number of Units	50,705	28,084	1,927	5,217	9,228	6,249
	Exempt Assessed Value	$1,615.6	$1,216.7	$31.8	$96.1	$221.4	$49.6
	Taxable Assessed Value	$1,073.3	$929.7	$7.4	$30.0	$76.7	$29.5
	Number of Properties With Unit Data	34,810	16,367	1,130	3,802	7,432	6,079
	Number of Properties Without Unit Data	533	21	42	146	321	3

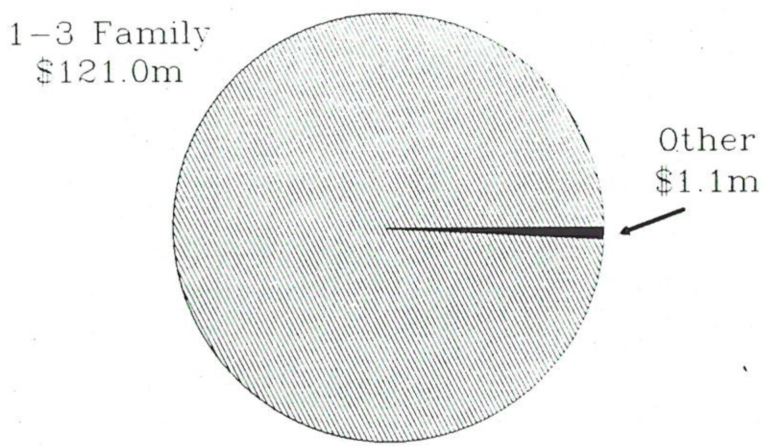
[1] Mixed Used properties include structures that combine residential with retail or office uses.

Distribution by Housing Type
421-B Program

Distribution of Housing Units



Distribution of Exempt Value



Distribution of Exemptions By Borough and Property Type

Program: 421-B Exemption

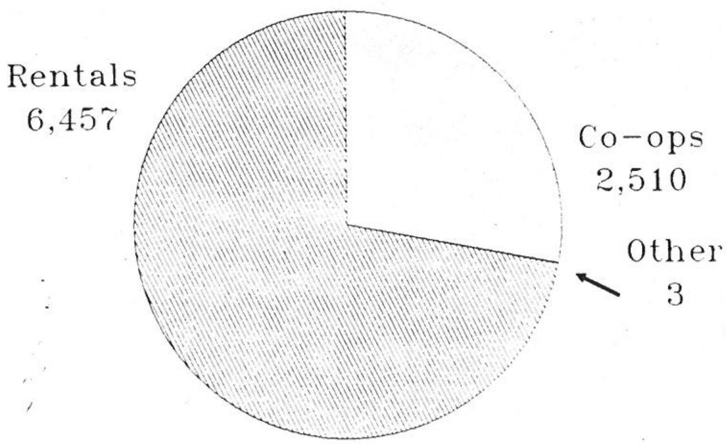
($ Millions)

		Citywide	Manhattan	Bronx	Brooklyn	Queens	Staten Island
1-3 Family	Number of Units	11,881	16	1,148	718	3,553	6,446
	Exempt Assessed Value	$121.0	$0.0	$8.5	$7.9	$10.6	$94.0
	Taxable Assessed Value	$157.7	$0.0	$9.0	$9.2	$31.1	$108.4
Condos	Number of Units	14	8	0	4	0	2
	Exempt Assessed Value	$0.1	$0.1	$0.0	$0.0	$0.0	$0.0
	Taxable Assessed Value	$0.2	$0.1	$0.0	$0.0	$0.0	$0.0
Cooperatives	Number of Units	2	0	0	2	0	0
	Exempt Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
	Taxable Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Rentals	Number of Units	20	0	2	2	16	0
	Exempt Assessed Value	$1.0	$0.8	$0.0	$0.0	$0.2	$0.0
	Taxable Assessed Value	$0.7	$0.5	$0.0	$0.0	$0.2	$0.0
Mixed Use[1]	Number of Units	0	0	0	0	0	0
	Exempt Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
	Taxable Assessed Value	0.0	0.0	0.0	0.0	0.0	0.0
All	Number of Units	11,917	24	1,150	726	3,569	6,448
	Exempt Assessed Value	$122.1	$0.9	$8.5	$7.9	$10.8	$94.0
	Taxable Assessed Value	$158.5	$0.6	$9.0	$9.2	$31.3	$108.4
	Number of Properties With Unit Data	6,849	12	712	390	717	5,018
	Number of Properties Without Unit Data	7,814	1	371	518	312	6,612

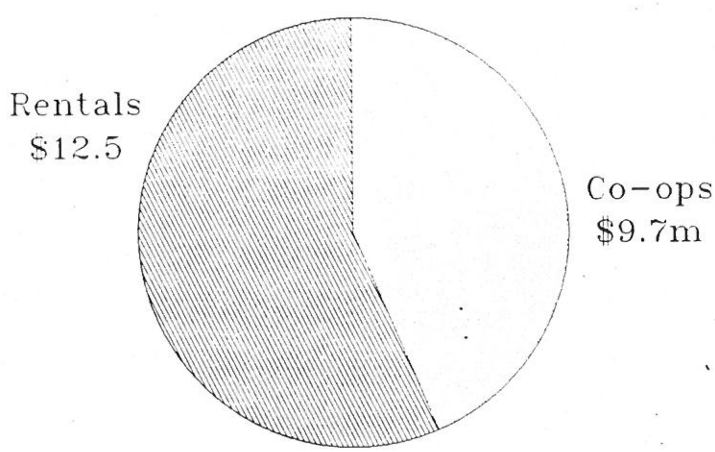
[1] Mixed Used properties include structures that combine residential with retail or office uses.

Distribution by Housing Type HPD Division of Alternative Management Programs (DAMP)

Distribution of Housing Units



Distribution of Exempt Value



Distribution of Exemptions
By Borough and Property Type

Program: HPD Division of Alternative Management Programs (DAMP)

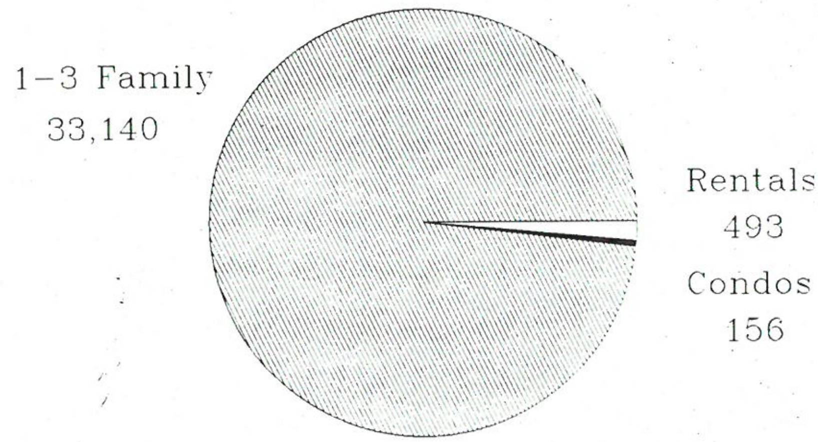
($ Millions)

		Citywide	Manhattan	Bronx	Brooklyn	Queens	Staten Island
1-3 Family	Number of Units	3	3	0	0	0	0
	Exempt Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
	Taxable Assessed Value	0.0	0.0	0.0	0.0	0.0	0.0
Condos	Number of Units	0	0	0	0	0	0
	Exempt Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
	Taxable Assessed Value	0.0	0.0	0.0	0.0	0.0	0.0
Cooperatives	Number of Units	2,510	1,612	545	353	0	0
	Exempt Assessed Value	$9.7	$7.2	$1.1	$1.4	$0.0	$0.0
	Taxable Assessed Value	$10.4	$6.8	$2.2	$1.4	$0.0	$0.0
Rentals	Number of Units	6,457	2,056	2,876	1,477	48	0
	Exempt Assessed Value	$12.5	$5.2	$5.0	$2.3	$0.0	$0.0
	Taxable Assessed Value	$26.7	$9.2	$11.3	$6.0	$0.2	$0.0
Mixed Use[1]	Number of Units	0	0	0	0	0	0
	Exempt Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
	Taxable Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
All	Number of Units	8,970	3,671	3,421	1,830	48	0
	Exempt Assessed Value	$22.2	$12.4	$6.1	$3.7	$0.0	$0.0
	Taxable Assessed Value	$37.1	$16.0	$13.5	$7.4	$0.0	$0.0
	Number of Properties With Unit Data	355	175	100	78	2	0
	Number of Properties Without Unit Data	0	0	0	0	0	0

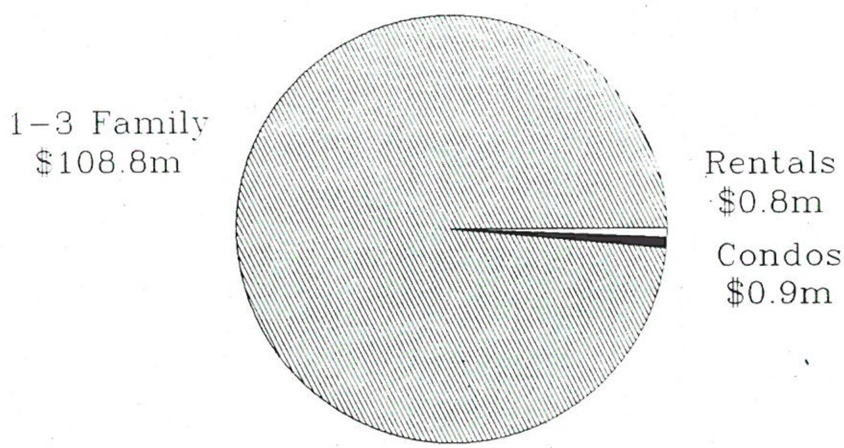
[1] Mixed Used properties include structures that combine residential with retail or office uses.

Distribution by Housing Type
Senior Citizen Homeowner Exemption

Distribution of Housing Units



Distribution of Exempt Value



Distribution of Exemptions By Borough and Property Type

Program: Senior Citizen Homeowner Exemption

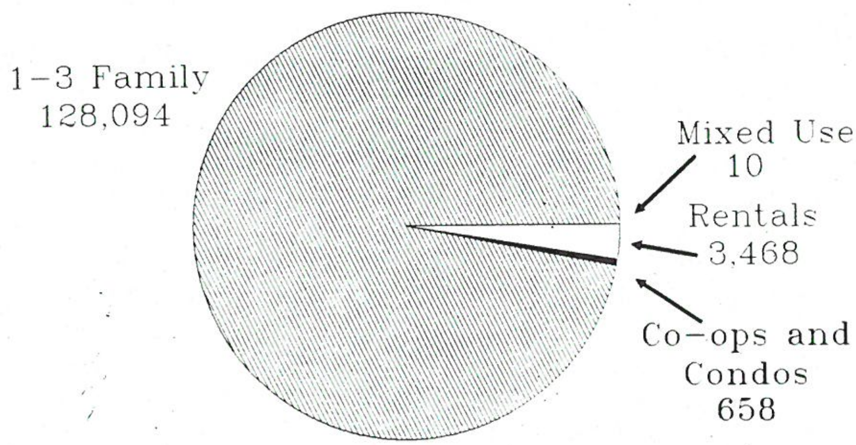
($ Millions)

		Citywide	Manhattan	Bronx	Brooklyn	Queens	Staten Island
1-3 Family	Number of Units	33,140	99	4,476	10,520	15,410	2,635
	Exempt Assessed Value	$108.8	$0.3	$12.8	$31.7	$52.8	$11.3
	Taxable Assessed Value	$149.6	$0.3	$22.0	$35.7	$78.3	$13.3
Condos	Number of Units	156	14	75	2	45	20
	Exempt Assessed Value	$0.9	$0.2	$0.2	$0.0	$0.3	$0.1
	Taxable Assessed Value	$1.1	$0.3	$0.2	$0.0	$0.4	$0.1
Cooperatives	Number of Units	0	0	0	0	0	0
	Exempt Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
	Taxable Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Rentals	Number of Units	493	39	41	240	59	114
	Exempt Assessed Value	$0.8	$0.0	$0.1	$0.6	$0.1	$0.0
	Taxable Assessed Value	$2.4	$0.0	$0.1	$0.6	$0.2	$1.5
Mixed Use[1]	Number of Units	0	0	0	0	0	0
	Exempt Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
	Taxable Assessed Value	0.0	0.0	0.0	0.0	0.0	0.0
All	Number of Units	33,789	152	4,592	10,762	15,514	2,769
	Exempt Assessed Value	$110.5	$0.5	$13.1	$32.3	$53.2	$11.4
	Taxable Assessed Value	$153.0	$0.6	$22.3	$36.3	$78.9	$14.9
	Number of Properties With Unit Data	19,861	60	2,309	5,767	9,556	2,169
	Number of Properties Without Unit Data	70	0	28	20	5	17

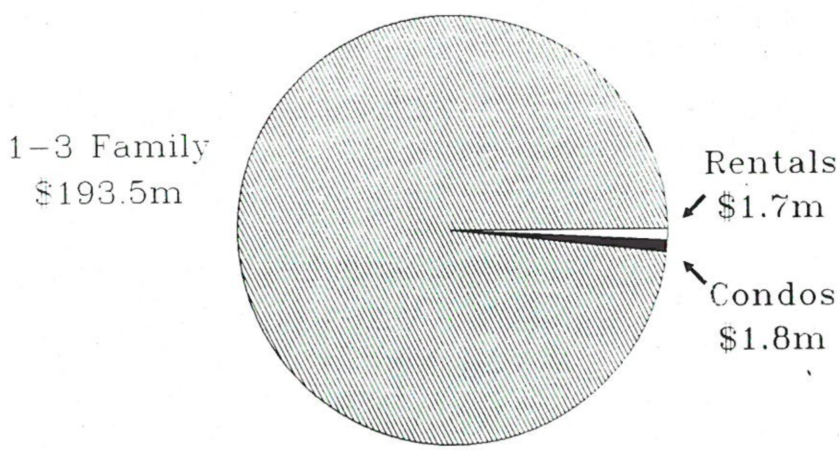
[1] Mixed Used properties include structures that combine residential with retail or office uses.

Distribution by Housing Type
Veterans' Exemption

Distribution of Housing Units



Distribution of Exempt Value



Distribution of Exemptions
By Borough and Property Type

Program: Veteran's Exemption

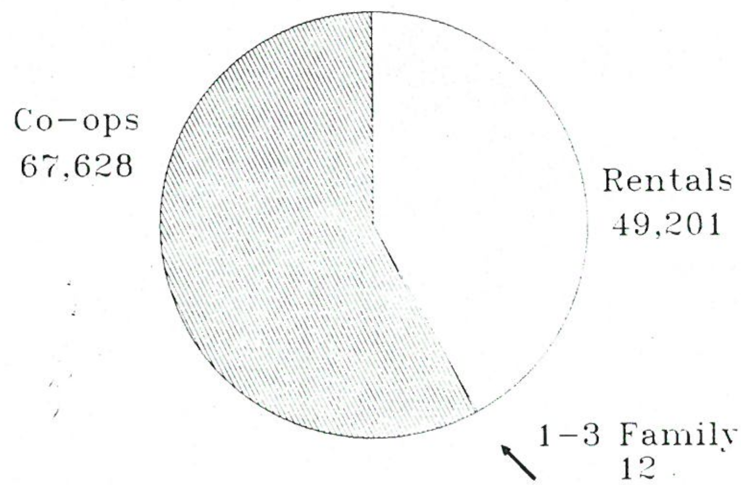
($ Millions)

		Citywide	Manhattan	Bronx	Brooklyn	Queens	Staten Island
1-3 Family	Number of Units	128,094	328	13,837	34,562	58,614	20,753
	Exempt Assessed Value	$193.5	$0.4	$15.2	$48.6	$87.5	$41.8
	Taxable Assessed Value	$1,042.3	$8.8	$106.3	$236.5	$494.2	$196.5
Condos	Number of Units	651	103	54	6	328	160
	Exempt Assessed Value	$1.8	$0.2	$0.1	$0.0	$1.0	$0.4
	Taxable Assessed Value	$12.0	$4.7	$0.4	$0.1	$5.3	$1.5
Cooperatives	Number of Units	7	7	0	0	0	0
	Exempt Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
	Taxable Assessed Value	$0.2	$0.2	$0.0	$0.0	$0.0	$0.0
Rentals	Number of Units	3,468	396	313	1,707	814	238
	Exempt Assessed Value	$1.7	$0.2	$0.1	$0.9	$0.4	$0.1
	Taxable Assessed Value	$21.8	$5.9	$1.4	$8.0	$4.5	$2.0
Mixed Use[1]	Number of Units	10	0	0	3	7	0
	Exempt Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
	Taxable Assessed Value	$0.3	$0.0	$0.0	$0.1	$0.2	$0.0
All	Number of Units	132,230	834	14,204	36,278	59,763	21,151
	Exempt Assessed Value	$197.0	$0.9	$15.4	$49.5	$88.9	$42.3
	Taxable Assessed Value	$1,076.6	$19.6	$108.1	$244.7	$504.2	$200.0
	Number of Properties With Unit Data	82,042	319	6,407	20,747	37,441	17,128
	Number of Properties Without Unit Data	277	2	114	51	45	65

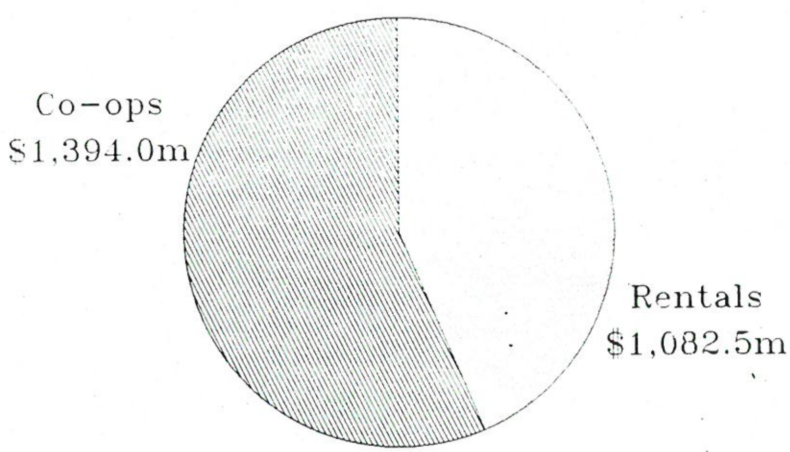
[1] Mixed Used properties include structures that combine residential with retail or office uses.

Distribution by Housing Type
Limited Profit Housing (Mitchell-Lama)

Distribution of Housing Units



Distribution of Exempt Value



Distribution of Exemptions
By Borough and Property Type

Program: Limited Profit Housing (Mitchell-Lama)

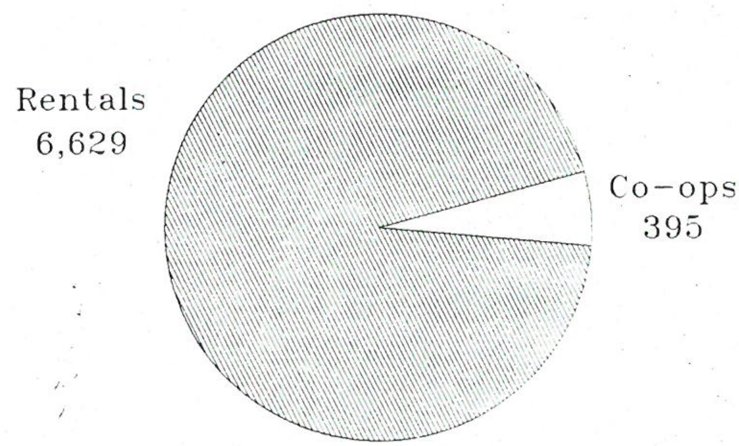
($ Millions)

		Citywide	Manhattan	Bronx	Brooklyn	Queens	Staten Island
1-3 Family	Number of Units	12	0	0	12	0	0
	Exempt Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
	Taxable Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Condos	Number of Units	0	0	0	0	0	0
	Exempt Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
	Taxable Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Cooperatives	Number of Units	67,628	18,523	23,775	14,110	11,220	0
	Exempt Assessed Value	$1,394.0	$502.5	$429.1	$272.5	$189.9	$0.0
	Taxable Assessed Value	$14.3	$1.9	$2.2	$10.2	$0.0	$0.0
Rentals	Number of Units	49,201	14,140	13,856	15,210	5,005	990
	Exempt Assessed Value	$1,082.5	$455.7	$227.2	$305.8	$72.0	$21.8
	Taxable Assessed Value	$0.5	$0.0	$0.0	$0.1	$0.4	$0.0
Mixed Use[1]	Number of Units	0	0	0	0	0	0
	Exempt Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
	Taxable Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
All	Number of Units	116,841	32,663	37,631	29,332	16,225	990
	Exempt Assessed Value	$2,476.5	$958.2	$656.3	$578.3	$261.9	$21.8
	Taxable Assessed Value	$14.8	$1.9	$2.2	$10.3	$0.4	$0.0
	Number of Properties With Unit Data	298	92	83	88	33	2
	Number of Properties Without Unit Data	0	0	0	0	0	0

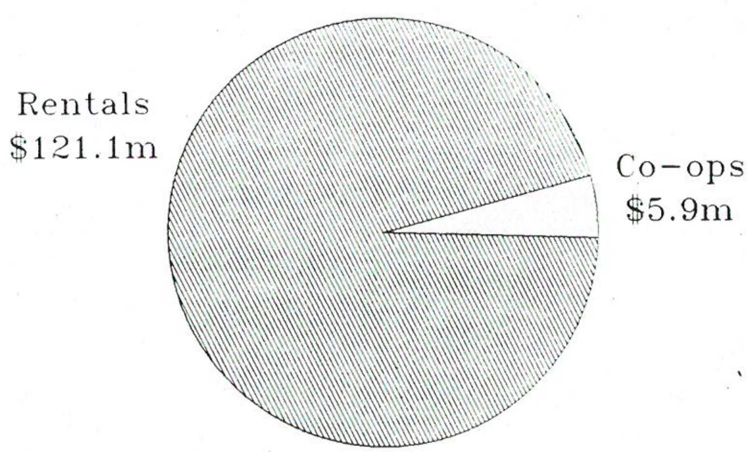
[1] Mixed Used properties include structures that combine residential with retail or office uses.

Distribution by Housing Type
Housing Development Fund Companies (HDFC)

Distribution of Housing Units



Distribution of Exempt Value



Distribution of Exemptions
By Borough and Property Type

Program: Housing Development Fund Corporation (HDFC)

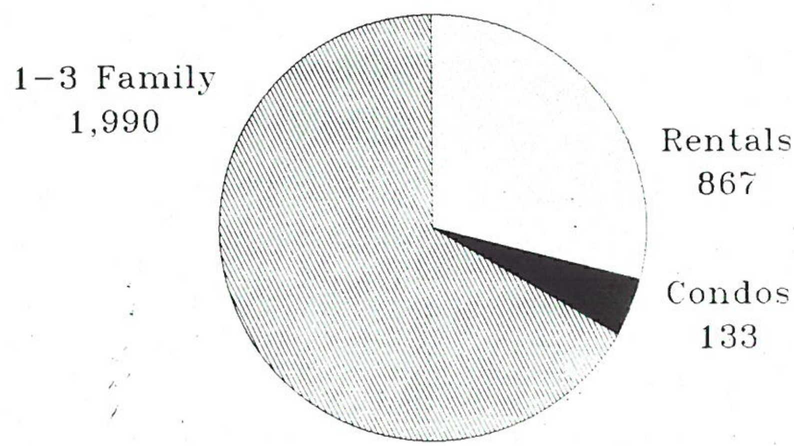
($ Millions)

		Citywide	Manhattan	Bronx	Brooklyn	Queens	Staten Island
1-3 Family	Number of Units	0	0	0	0	0	0
	Exempt Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
	Taxable Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Condos	Number of Units	0	0	0	0	0	0
	Exempt Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
	Taxable Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Cooperatives	Number of Units	395	329	0	66	0	0
	Exempt Assessed Value	$5.9	$4.8	$0.0	$1.1	$0.0	$0.0
	Taxable Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Rentals	Number of Units	6,629	1,871	2,790	1,510	458	0
	Exempt Assessed Value	$121.1	$50.8	$41.7	$16.7	$11.9	$0.0
	Taxable Assessed Value	$0.2	$0.0	$0.0	$0.2	$0.0	$0.0
Mixed Use[1]	Number of Units	0	0	0	0	0	0
	Exempt Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
	Taxable Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
All	Number of Units	7,024	2,200	2,790	1,576	458	0
	Exempt Assessed Value	$127.0	$55.6	$41.7	$17.8	$11.9	$0.0
	Taxable Assessed Value	$0.2	$0.0	$0.0	$0.2	$0.0	$0.0
	Number of Properties With Unit Data	63	24	29	12	2	0
	Number of Properties Without Unit Data	1	0	1	0	0	0

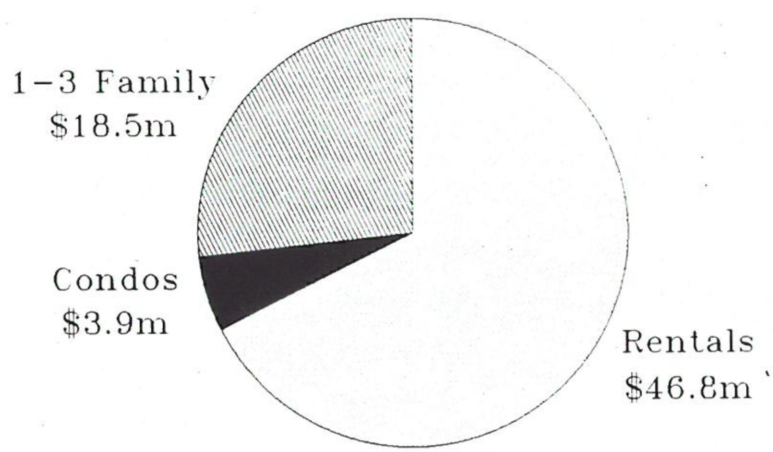
[1] Mixed Used properties include structures that combine residential with retail or office uses.

Distribution by Housing Type
Urban Development Action Area Projects

Distribution of Housing Units



Distribution of Exempt Value



Distribution of Exemptions By Borough and Property Type

Program: Urban Development Action Area Projects (UDAAP)

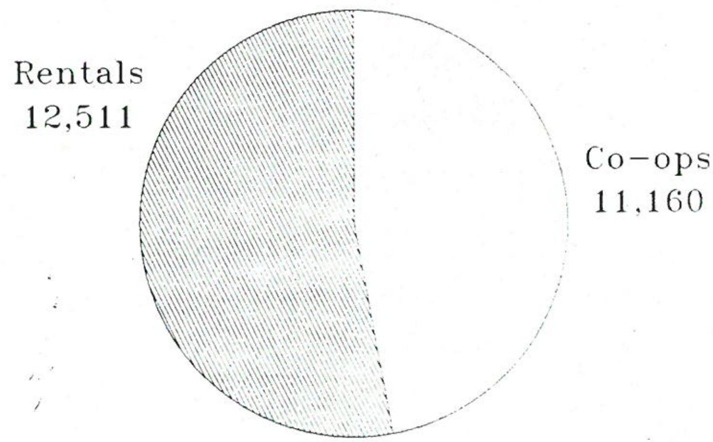
($ Millions)

		Citywide	Manhattan	Bronx	Brooklyn	Queens	Staten Island
1-3 Family	Number of Units	1,990	0	40	1,870	79	0
	Exempt Assessed Value	$18.5	$0.0	$0.2	$17.8	$0.5	$0.0
	Taxable Assessed Value	$5.7	$0.0	$0.0	$5.4	$0.3	$0.0
Condos	Number of Units	133	133	0	0	0	0
	Exempt Assessed Value	$3.9	$3.9	$0.0	$0.0	$0.0	$0.0
	Taxable Assessed Value	$1.2	$1.2	$0.0	$0.0	$0.0	$0.0
Cooperatives	Number of Units	0	0	0	0	0	0
	Exempt Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
	Taxable Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Rentals	Number of Units	867	726	0	141	0	0
	Exempt Assessed Value	$46.8	$46.7	$0.0	$0.1	$0.0	$0.0
	Taxable Assessed Value	$10.2	$10.1	$0.0	$0.1	$0.0	$0.0
Mixed Use[1]	Number of Units	0	0	0	0	0	0
	Exempt Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
	Taxable Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
All	Number of Units	2,990	859	41	2,011	79	0
	Exempt Assessed Value	$69.2	$50.6	$0.2	$17.9	$0.5	$0.0
	Taxable Assessed Value	$17.1	$11.3	$0.0	$5.5	$0.3	$0.0
	Number of Properties With Unit Data	1,969	137	41	1,714	77	0
	Number of Properties Without Unit Data	711	0	0	711	0	0

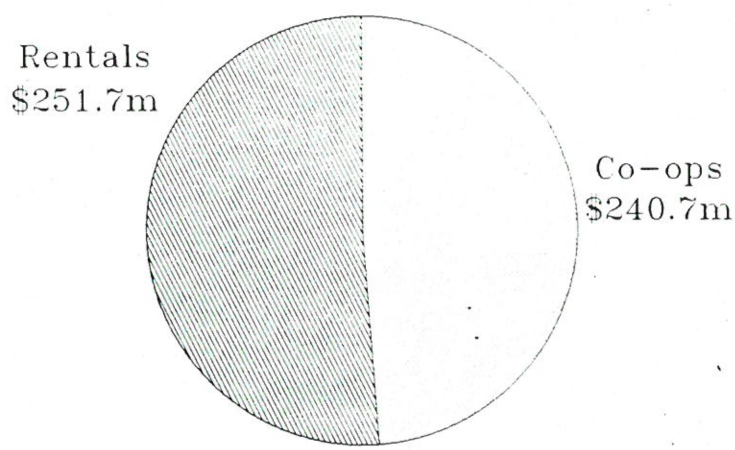
[1] Mixed Used properties include structures that combine residential with retail or office uses.

Distribution by Housing Type
"Other Residential" Exemptions

Distribution of Housing Units



Distribution of Exempt Value



Distribution of Exemptions
By Borough and Property Type

Program: "Other Residential"[1]

($ Millions)

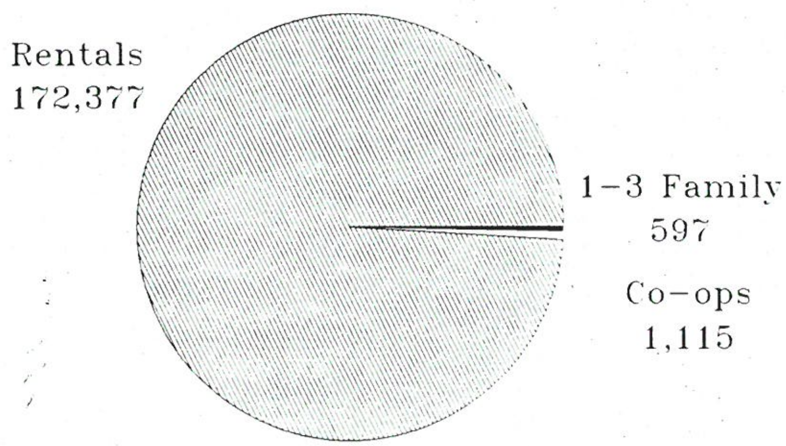
		Citywide	Manhattan	Bronx	Brooklyn	Queens	Staten Island
1-3 Family	Number of Units	0	0	0	0	0	0
	Exempt Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
	Taxable Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Condos	Number of Units	0	0	0	0	0	0
	Exempt Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
	Taxable Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Cooperatives	Number of Units	11,160	7,508	407	3,245	0	0
	Exempt Assessed Value	$240.7	$168.7	$8.0	$64.0	$0.0	$0.0
	Taxable Assessed Value	$25.4	$24.0	$1.0	$0.4	$0.0	$0.0
Rentals	Number of Units	12,511	3,538	3,134	3,815	1,779	245
	Exempt Assessed Value	$251.7	$92.9	$60.0	$53.9	$38.4	$6.5
	Taxable Assessed Value	$1.1	$0.0	$0.9	$0.2	$0.0	$0.0
Mixed Use[2]	Number of Units	0	0	0	0	0	0
	Exempt Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
	Taxable Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
All	Number of Units	23,671	11,046	3,541	7,060	1,779	245
	Exempt Assessed Value	$492.4	$261.1	$68.0	$117.9	$38.4	$6.5
	Taxable Assessed Value	$26.5	$24.08	$1.9	$0.6	$0.0	$0.0
	Number of Properties With Unit Data	154	40	41	56	9	8
	Number of Properties Without Unit Data	2	1	0	0	1	0

[1] Includes the following programs: Limited Dividend Housing Companies, Redevelopment Companies, and Miscellaneous State Assisted Housing.

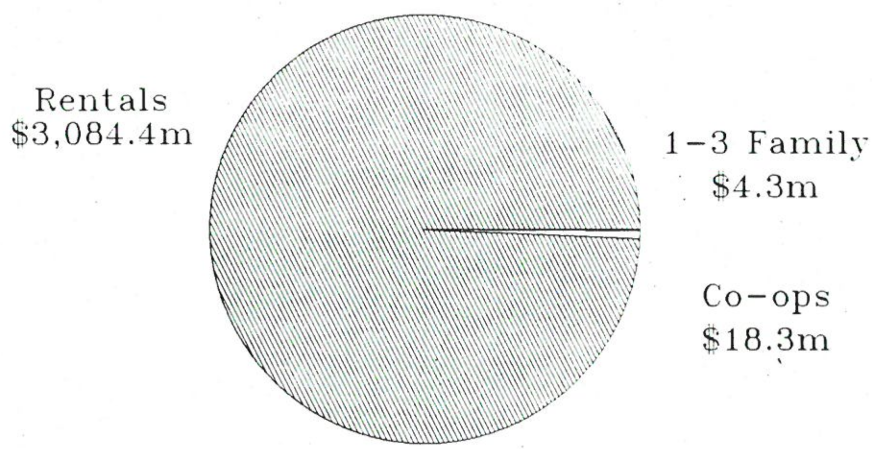
[2] Mixed Used properties include structures that combine residential with retail or office uses.

Distribution by Housing Type
New York City Housing Authority

Distribution of Housing Units



Distribution of Exempt Value



Distribution of Exemptions By Borough and Property Type

Program: New York City Housing Authority

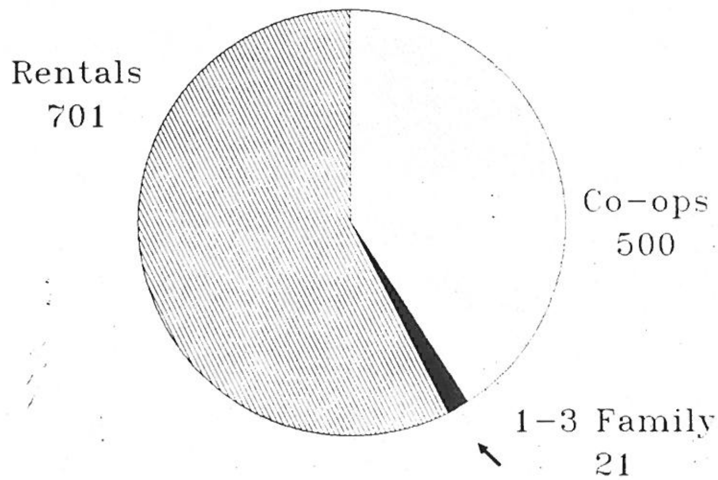
($ Millions)

		Citywide	Manhattan	Bronx	Brooklyn	Queens	Staten Island
1-3 Family	Number of Units	597	0	7	169	421	0
	Exempt Assessed Value	$4.3	$0.0	$0.1	$1.1	$3.2	$0.0
	Taxable Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Condos	Number of Units	0	0	0	0	0	0
	Exempt Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
	Taxable Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Cooperatives	Number of Units	1,115	292	307	300	216	0
	Exempt Assessed Value	$18.3	$0.1	$8.8	$6.9	$2.5	$0.0
	Taxable Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Rentals	Number of Units	172,377	47,096	43,706	59,909	17,334	4,332
	Exempt Assessed Value	$2,084.4	$993.7	$804.2	$951.6	$246.9	$88.0
	Taxable Assessed Value	$41.9	$13.7	$21.5	$6.3	$0.0	$0.5
Mixed Use[1]	Number of Units	0	0	0	0	0	0
	Exempt Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
	Taxable Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
All	Number of Units	174,089	47,388	44,020	60,378	17,971	4,332
	Exempt Assessed Value	$3,107.1	$993.8	$813.1	$959.6	$252.6	$88.0
	Taxable Assessed Value	$42.0	$13.7	$21.5	$6.3	$0.0	$0.5
	Number of Properties With Unit Data	1,172	215	193	335	416	13
	Number of Properties Without Unit Data	17	8	1	4	4	0

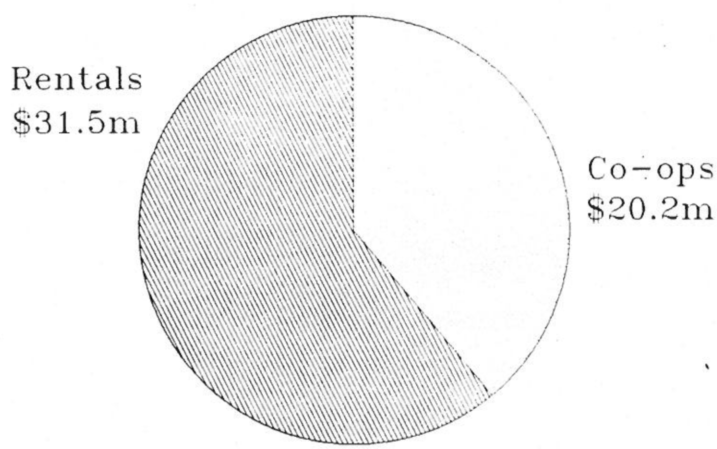
[1] Mixed Used properties include structures that combine residential with retail or office uses.

Distribution by Housing Type
Urban Development Corporation (UDC)

Distribution of Housing Units



Distribution of Exempt Value



Distribution of Exemptions
By Borough and Property Type

Program: Urban Development Corporation

($ Millions)

		Citywide	Manhattan	Bronx	Brooklyn	Queens	Staten Island
1-3 Family	Number of Units	21	21	0	0	0	0
	Exempt Assessed Value	$0.1	$0.1	$0.0	$0.0	$0.0	$0.0
	Taxable Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Condos	Number of Units	0	0	0	0	0	0
	Exempt Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
	Taxable Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Cooperatives	Number of Units	500	225	0	275	0	0
	Exempt Assessed Value	$20.2	$8.3	$0.0	$11.9	$0.0	$0.0
	Taxable Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Rentals	Number of Units	701	701	0	0	0	0
	Exempt Assessed Value	$31.5	$31.5	$0.0	$0.0	$0.0	$0.0
	Taxable Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Mixed Use[1]	Number of Units	0	0	0	0	0	0
	Exempt Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
	Taxable Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
All	Number of Units	1,222	947	0	275	0	0
	Exempt Assessed Value	$51.8	$39.9	$0.0	$11.9	$0.0	$0.0
	Taxable Assessed Value	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
	Number of Properties With Unit Data	25	24	0	1	0	0
	Number of Properties Without Unit Data	2	2	0	0	0	0

1 Mixed Used properties include structures that combine residential with retail or office uses.

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Alabama
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New Mexico
New York State
North Carolina
Ohio
Pennsylvania
South Carolina
South Dakota
Tennessee
Texas
Utah
Virginia
Washington
West Virginia
Wisconsin

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INDEX TO TAX EXPENDITURE DESCRIPTIONS

This index provides page references for the tax expenditure descriptions presented in this report. The list is organized alphabetically. In parentheses are included the taxes for which each tax expenditure applies. City taxes are abbreviated as follows:

BCT	-	Banking Corporation Tax
CRT	-	Commercial Rent Tax
GCT	-	General Corporation Tax
MRT	-	Mortgage Recording Tax
RPT	-	Real Property Tax
STX	-	Sales Tax
UBT	-	Unincorporated Business Tax
UTX	-	Utility Tax

Tax Expenditure Item — Page

Tax Expenditure Item **Page**