

New York State 2014-15 Budget Passed, Signed by Governor

by Gina M. Briggs, Esq. (RIA) Checkpoint

On April 1, 2014, Governor Andrew M. Cuomo announced the passage of the 2014-15 State Budget bill, which he signed that afternoon. The announcement discusses a few highlights of the budget, including a reduction in the business tax rate, new property tax credit, renters and low-income homeowners "circuit breaker" personal income tax credit, and tax incentives for manufacturers, discussed below. ([New York Governor's Press Office, Announcement, Passage of 2014-2015 Budget, 04/01/2014](#).)

Property tax relief. The budget includes a new property tax credit that addresses the "outsized number of local governments," which the governor notes as "one of the primary drivers of the State's high property taxes." The new credit is intended to encourage local governments to share services, by allowing for property tax relief to taxpayers in the first year of the plan if their local governments stay within the property tax cap. The tax cuts will be extended for a second year if jurisdictions comply with the tax cap and have a plan to save 1% of their tax levy per year, over three years. The program is intended to provide over \$1.5 billion in property tax relief over three years.

Personal income tax credit for renters, low-income homeowners. The budget creates a new \$85 million progressively structured "circuit breaker" tax relief program, under which qualifying homeowners and renters will be eligible to receive a refundable tax credit against personal income tax when their property tax or rent exceeds a certain percentage of their income.

Tax incentives for manufacturers. The budget agreement includes incentives for manufacturers, such as a 20% real property tax credit for manufacturers who own or lease property and a reduction in the tax rate on income for manufacturers from the current 5.9% to 0% in 2014 and thereafter.

Franchise tax changes. The budget reduces the corporation franchise tax rate from 7.1% to 6.5%, eliminates the capital base calculation over a six-year period beginning in 2016, and simplifies the tax code.

Phase-out of 18-A utility surcharge. The budget agreement also provides for the phase-out of the 18-a temporary assessment for all customers.

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