

FY 2021 NEW YORK STATE EXECUTIVE BUDGET

**REVENUE
ARTICLE VII LEGISLATION**

MEMORANDUM IN SUPPORT

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MEMORANDUM IN SUPPORT

A BUDGET BILL submitted by the Governor in
Accordance with Article VII of the Constitution

AN ACT to amend part U of chapter 59 of the laws of 2017, amending the tax law, relating to the financial institution data match system for state tax collection purposes, in relation to making such provisions permanent; and to amend part Q of chapter 59 of the laws of 2013, amending the tax law relating to serving an income execution with respect to individual tax debtors without filing a warrant, in relation to making such provisions permanent (Part A); to amend the tax law, in relation to extending hire a veteran credit for an additional two years (Part B); to amend chapter 540 of the laws of 1992, amending the real property tax law relating to oil and gas charges, in relation to the effectiveness thereof (Part C); to amend the tax law, in relation to reducing the burden on small businesses (Part D); to amend the tax law, in relation to capping the maximum amount of the long-term care insurance credit (Part E); to amend the tax law and the administrative code of the city of New York, in relation to allowing the department of taxation and finance to provide taxpayers with unclaimed tax benefits relating to the earned income credit and deductions (Part F); to amend the tax law, in relation to the definition of a qualifying child for purposes of the empire state child credit (Part G); to amend the tax law, in relation to reforming the tobacco products tax (Part H); to amend the alcoholic beverage control law and the tax law, in relation to the suspension and revocation of certain licenses and certificates issued under such

laws (Part I); to amend the tax law, in relation to the tax imposed on alcoholic beverages and the annual reporting requirements imposed on alcoholic beverage producers (Part J); to amend the tax law, in relation to updating the criminal tax fraud statutes and to establish the offenses of criminal tax preparation in the second degree and criminal tax preparation in the first degree (Part K); to amend the economic development law and the tax law, in relation to the excelsior jobs program and certain incentives for green projects within such program (Part L); to amend the tax law, in relation to the empire state film production credit and the empire state film post production credit (Part M); to amend the real property tax law, in relation to converted condominiums (Part N); to amend the tax law, in relation to state support for the local enforcement of past-due property taxes (Part O); to amend the real property tax law, in relation to providing for the appointment of an acting director of real property tax services in the event the position becomes vacant (Part P); to amend the real property law and tax law, in relation to the electronic submission of consolidated real property transfer forms; and to repeal paragraphs vii and viii of subdivision 1-e of section 333 of the real property law relating thereto (Part Q); to amend the public lands law, the real property law, and the real property tax law, in relation to the functions of the state board of real property tax services; and to repeal certain provisions of the real property tax law related thereto (Part R); to repeal certain provisions of the real property tax law and the tax law, in relation to removing references to the former STAR offset program (Part S); to amend the real property tax law, in relation to assessment ceilings for railroads and local public utility mass real property; and to

repeal section 3 of chapter 475 of the laws of 2013 amending the real property tax law relating to assessment ceilings for local public utility mass real property (Part T); to amend the real property tax law, in relation to extending the period for enrollment in the STAR income verification program (Part U); to amend the racing, pari-mutuel wagering and breeding law and the tax law, in relation to financing and constructing a new equine drug testing laboratory (Part V); to amend the racing, pari-mutuel wagering and breeding law, in relation to enacting the interstate compact on anti-doping and drug testing standards (Part W); to amend the racing, pari-mutuel wagering and breeding law, in relation to restrictions on sports wagering lounges in casinos (Part X); to amend the tax law, in relation to a keno style lottery game (Part Y); to amend the racing, pari-mutuel wagering and breeding law, in relation to licenses for simulcast facilities, sums relating to track simulcast, simulcast of out-of-state thoroughbred races, simulcasting of races run by out-of-state harness tracks and distributions of wagers; to amend chapter 281 of the laws of 1994 amending the racing, pari-mutuel wagering and breeding law and other laws relating to simulcasting and chapter 346 of the laws of 1990 amending the racing, pari-mutuel wagering and breeding law and other laws relating to simulcasting and the imposition of certain taxes, in relation to extending certain provisions thereof; and to amend the racing, pari-mutuel wagering and breeding law, in relation to extending certain provisions thereof (Part Z); to amend the real property tax law, in relation to the income limit for the basic STAR exemption (Part AA); and relating to constituting a new chapter 7-A of the consolidated laws, in relation to the creation of a new office of cannabis

management, as an independent entity within the division of alcoholic beverage control, providing for the licensure of persons authorized to cultivate, process, distribute and sell cannabis and the use of cannabis by persons aged twenty-one or older; to amend the public health law, in relation to the description of cannabis; to amend the vehicle and traffic law, in relation to making technical changes regarding the definition of cannabis; to amend the penal law, in relation to the qualification of certain offenses involving cannabis and to exempt certain persons from prosecution for the use, consumption, display, production or distribution of cannabis; to amend the tax law, in relation to providing for the levying of taxes on cannabis; to amend the criminal procedure law, the civil practice law and rules, the general business law, the alcoholic beverage control law, the general obligations law, the social services law, the state finance law, the penal law and the vehicle and traffic law, in relation to making conforming changes; to amend chapter 90 of the laws of 2014 amending the public health law, the tax law, the state finance law, the general business law, the penal law and the criminal procedure law relating to medical use of marihuana, in relation to the effectiveness thereof; to repeal title 5-A of article 33 of the public health law relating to medical use of marihuana; to repeal article 29-A of the agriculture and markets law relating to the regulation of hemp extract; to repeal subdivision 4 of section 220.06 and subdivision 10 of section 220.09 of the penal law relating to criminal possession of a controlled substance; to repeal sections 221.10 and 221.30 of the penal law relating to the criminal possession of marihuana; and to repeal paragraph (f) of subdivision 2 of

section 850 of the general business law relating to
drug related paraphernalia (Part BB)

PURPOSE:

This bill contains provisions needed to implement the Revenue portion of the FY 2021 Executive Budget.

This memorandum describes Parts A through Z of the bill which are described wholly within the parts listed below.

Part A – Make Warrantless State Tax Debt Collection Methods Permanent

Purpose:

This bill would make permanent (1) the authority of the Commissioner of Taxation and Finance to use the financial institution data match system for collection of fixed and final tax debts and (2) to serve income executions (wage garnishments) on individual tax debtors and, if necessary, on the employers of such debtors, without the necessity of filing a warrant.

Summary of Provisions and Statement in Support:

Financial Institution Data Match System

Tax Law § 1701 was expanded in 2017 to authorize the Commissioner of Taxation and Finance to use the financial institution data match system for collection of fixed and final tax debt, regardless of whether a warrant has been filed. The law authorizing warrantless bank account data matching is set to expire on April 1, 2020. The enactment of this bill would make permanent the provision authorizing bank account data matching for fixed and final debt by the Commissioner of Taxation and Finance.

Warrantless Income Executions

In 2013, Tax Law § 174-c was amended to allow the Commissioner of Taxation and Finance to serve income executions (wage garnishments) on individual tax debtors and, if necessary, on employers of such tax debtors, without the necessity of filing a public warrant. This provision is scheduled to expire on April 1, 2020. This bill would make the Commissioner of Taxation and Finance's authority serve warrantless income executions (wage garnishments) permanent.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2021 Executive Budget because it would increase All Funds revenue by \$40 million annually beginning FY 2021.

Effective Date:

This bill would take effect immediately.

Part B – Extend Hire-A-Vet Credit for Two Years

Purpose:

This bill would extend the tax credit received for hiring a veteran for an additional two years, through tax years beginning before 2023.

Summary of Provisions and Statement in Support:

This bill would extend by two years the tax credits provided for hiring veterans under Tax Law §§ 210-B(29) (Franchise Tax on Corporations), 606(a-2) (Personal Income Tax), and 1511(g-1) (Franchise Tax on Insurance Corporations).

Currently, the hire a vet credit is available for taxable years beginning on or after January 1, 2015 and before January 1, 2021. The credit is available to qualified taxpayers for the hiring of qualified veterans who commenced employment on or after January 1, 2014 and before January 1, 2020.

This bill would extend this credit an additional two years to taxable years beginning before January 1, 2023, for employment commenced before January 1, 2022.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2021 Executive Budget because it would decrease All Funds receipts by \$5 million in FY 2023 and FY 2024.

Effective Date:

This bill would take effect immediately.

Part C – Extend Oil and Gas Fee for Three Years

Purpose:

This bill would extend the existing oil and gas fee authorization to March 31, 2024.

Summary of Provisions and Statement in Support:

Real Property Tax law § 593 sets forth a schedule of fees to recover the cost of setting unit of production values for the gas and oil industry. The law is currently set to expire on March 31, 2021. This legislation would extend the expiration date of this provision to March 31, 2024.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2021 Executive Budget.

Effective Date:

This bill would take effect immediately.

Part D – Reduce the Tax Burden on Small Businesses

Purpose:

This bill would amend the Tax Law to reduce the burden on small businesses.

Summary of Provisions and Statement in Support:

This bill would make four amendments intended to alleviate the tax burden on small businesses. First, the bill would reduce the corporate franchise tax rate on business income in Tax Law § 210(1)(a) to a flat 4% for qualifying small businesses. Second, the bill would amend Tax Law §§ 210-B(1)(d) and 606(a)(5) to allow the investment tax credit to be refundable for taxpayers that are eligible farmers. Third, the bill would increase the allowable deduction under Tax Law § 612(c)(39) provided to small businesses and farms for net items of income, gain, loss and deduction entering into federal adjusted gross income from 5% to 15% of those items. Finally, the bill would amend Tax Law § 1085(c)(1) to eliminate the estimated tax underpayment penalty for New York S corporations.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2021 Executive Budget because it would reduce All Funds revenue by \$39 million in FY 2022, \$56 million in FY 2023, and \$42 million in FY 2024 and thereafter.

Effective Date:

This act shall take effect immediately; provided however that sections 2 and 3 of this act shall apply to property acquired by purchase on or after January 1, 2021, and section 5 of this act shall apply to taxable years beginning on or after January 1, 2020.

Part E – Cap the Maximum Amount and Income Threshold for the Long-Term Care Insurance Credit

Purpose:

This bill would amend the existing Long-Term Care Insurance Credit to cap the amount of credit that may be claimed and limit the universe of taxpayers eligible to claim the credit.

Summary of Provisions and Statement in Support:

The bill would amend the Long-Term Care Insurance Credit under the personal income tax to make only taxpayers with New York adjusted gross income of less than \$250,000 eligible for the credit and to cap the credit amount at \$1,500.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2021 Executive Budget because it would increase All Funds revenue by \$28 million annually beginning FY 2022.

Effective Date:

This bill would take effect immediately and apply to taxable years beginning on or after January 1, 2020.

Part F – Authorize DTF to Provide Unclaimed Tax Benefits

Purpose:

This bill would authorize the Tax Department to compute and issue an earned income credit when it discovers a taxpayer is eligible for such credit and did not claim it, and to allow the standard deduction in lieu of the itemized deduction elected by the taxpayer when the standard deduction is greater than the allowable itemized deductions.

Summary of Provisions and Statement in Support:

This bill would amend Tax Law §§ 606(d)(6) and 1310(f) and amend § 11-1706(d) of the New York City Administrative Code to authorize the Department to compute and issue an earned income credit against the New York State and New York City personal income taxes to taxpayers who did not claim the credit(s) on their returns.

This bill would also amend Tax Law § 613 to authorize the Department to recompute a taxpayer's personal income tax return using a standard deduction in instances where they are not entitled to all the itemized deductions they claimed and the standard deduction is greater. Under Tax Law § 613, taxpayers can elect to deduct itemized deductions in lieu of the standard deduction. Taxpayers typically do this when their itemized deductions exceed the New York standard deduction. The Department routinely audits itemized deduction claims and asks taxpayers to provide documentation substantiating questionable deductions. If the documentation provided by the taxpayer

is not sufficient or the taxpayer fails to respond, the Department will deny the itemized deduction. That denial may reduce the total amount of the taxpayer's allowed itemized deductions to an amount less than the standard deduction. This bill would authorize the Department to reverse the taxpayer's election to itemize deductions and provide the standard deduction when the standard deduction is greater than the remaining allowable itemized deductions.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2021 Executive Budget because it would reduce All Funds revenue by \$2 million annually beginning FY 2021.

Effective Date:

This bill would take effect immediately.

Part G – Enhance Empire State Child Credit

Purpose:

This bill would expand the Empire State Child Credit (“ESCC”) to allow families with a New York State adjusted gross income of \$50,000 or less to claim the credit for a child under four years of age.

Summary of Provisions and Statement in Support:

Under current Tax Law § 606(c-1), the ESCC is allowed for a child that meets the definition of a qualifying child under Internal Revenue Code § 24(c) and is at least four years old. This bill would expand the definition of a qualifying child for purposes of the ESCC to also allow families with an adjusted gross income of \$50,000 or less to claim the credit for a child under four years of age.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2021 Executive Budget because it would reduce All Funds revenue by \$157 million annually beginning FY 2023.

Effective Date:

This bill would take effect immediately and apply to taxable years beginning on or after January 1, 2021.

Part H - Reform the Tobacco Products Tax

Purpose:

This bill would reform the definition of “wholesale price” of tobacco products to clarify that it means the price for which the tobacco products are sold to a distributor. The bill also would authorize the imposition of penalties for failure to maintain adequate books and records required for cigarette and tobacco products taxes and make them available for inspection.

Summary of Provisions and Statement in Support:

Tax Law § 471-b(1) imposes an excise tax on tobacco products at a rate of 75% of the “wholesale price,” which is defined as the price paid by a distributor to a manufacturer. When the tobacco products did not pass directly from the manufacturer to the distributor, as is often the case with imported tobacco products, current statute allows tobacco distributors to establish a different “wholesale price” by demonstrating an “industry standard of markups relating to the purchase price.” Over the last several years, New York State has refunded millions of dollars to tobacco distributors who have used this loophole to claim a wholesale price that is lower than the amount they actually paid for the tobacco products they distributed. This bill would provide clarity that the wholesale price is the actual amount paid by the distributor, whether paid to a manufacturer or to some other entity. In addition, the bill would penalize businesses that fail to maintain records required for cigarette and tobacco products taxes, including invoices, or to make those records available for inspection.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2021 Executive Budget because it would increase All Funds revenue by \$10 million in FY 2021 and \$23 million annually thereafter.

Effective Date:

This bill takes effect on October 1, 2020.

Part I – Enhance Cigarette Tax Enforcement and Penalties

Purpose:

This bill would enhance cigarette tax enforcement and licensing penalties against retail dealers who sell unstamped or unlawfully stamped cigarettes and against persons affiliated with those retail dealers. The bill would also authorize the Department of Taxation and Finance to suspend or revoke a retail dealer’s sales tax certificate of authority when its registration to sell cigarettes has been suspended or revoked.

Summary of Provisions and Statement in Support:

Tax Law § 480-a currently provides that retail dealers found selling or possessing untaxed cigarettes shall have their registration revoked for the first and second violations for up to 6 and 36 months, respectively, and revoked for the third violation for a period of up to 5 years. However, the specific retail dealer's record of violations is the sole basis for determining the length of suspension or revocation imposed on that specific business. The Department has found that offending retail dealers often operate multiple businesses that appear to be independent of each other, thereby limiting the impact of the sanction that is imposed on the specific business. Furthermore, these offending retail dealers often willfully ignore the licensing sanctions imposed by the Department by closing the suspended business and re-opening as a new entity that is affiliated through common ownership. This practice is possible because the offending retail dealer's conduct is not imputed to the affiliated business.

The bill would address this problem by amending the definition of "retail dealer" applicable to certificate of registration violations to include the retail dealer's "responsible persons" for sales tax purposes (i.e., "persons required to collect tax"). The bill would also define "affiliated person" and would provide that, upon a first possession or sale of unstamped cigarettes, the registration of the retail dealer would be revoked for one year. Upon the second possession or sale of unstamped cigarettes within five years, the registration of a retail dealer, and any person affiliated with the retail dealer, would be revoked for three years; those registrations would be revoked for five years upon a third violation.

In addition, the bill would provide that when the Commissioner of Taxation and Finance revokes a retail dealer certificate of registration, after an opportunity for a hearing, the Commissioner would provide notice to the Division of the Lottery and the State Liquor Authority, which would then be required to suspend or revoke the lottery sales agent and liquor licenses of persons whose retail dealer registrations have been revoked, for the duration of the retail dealer revocation, without additional hearing rights. Current law provides for suspension or revocation of lottery and liquor license after a retail dealer registration is revoked, but those suspensions are not mandatory or immediate. Tying the suspension of lottery and liquor licenses more closely to the revocation of a retail dealer certificate would provide a stronger deterrent to illegal cigarette trafficking.

To further disincentivize the illegal possession or sale of unstamped cigarettes, the bill would amend Tax Law § 1134 to allow the Department to refuse to issue or to revoke the sales tax certificate of authority of a retail dealer, and any person affiliated with that retail dealer, whose retail dealer registration has been revoked. Holders of sales tax certificates of authority are charged with collecting and paying over sales tax as trustees of the State. Persons who engage in repeated cigarette smuggling act contrary to the State's interests and should not be entrusted with sales tax collection.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2021 Executive Budget to preserve the State's existing revenue streams by enacting necessary cigarette enforcement actions.

Effective Date:

This bill would take effect on September 1, 2020 and would apply to any possession or sale of unstamped or illegally stamped cigarettes on and after that date.

Part J – Make Technical Amendments Related to Alcoholic Beverage Taxes

Purpose:

This bill would make multiple technical amendments related to the Alcoholic Beverage Taxes.

Summary of Provisions and Statement in Support:

The bill would eliminate the current ABT rate of one cent per liter tax on liquor containing less than two percent of alcohol by volume. This tax generates virtually no revenue and creates an unnecessary burden on taxpayers. In addition, the bill would create uniformity in the application of the inter-distributor exemption in Tax Law § 424(1)(g) by extending it to include every entity registered as a distributor with the Tax Department. Finally, the bill would update and conform the thresholds for the exemption from the annual reporting requirements in Tax Law § 1136(i)(1)(C) for small producers, to SLA's annual production caps for farm producer licenses.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2021 Executive Budget because it conforms the Tax Law to keep existing practice by SLA, creates uniformity in regards to all inter-distributor sales, and eliminates an unnecessary burden on taxpayers.

Effective Date:

This bill would take effect June 1, 2020.

Part K – Update Criminal Tax Fraud Statutes

Purpose:

This bill would clarify the criminal tax fraud statutes and add the new offense of criminal tax preparation to Article 37 of the Tax Law.

Summary of Provisions and Statement in Support:

This bill would remove language that has caused judicial confusion and clarify that tax fraud statutes apply when an individual commits any tax fraud act that deprives or defrauds the state or its political subdivisions of tax liabilities. The bill also would create new criminal tax fraud statutes aimed at unscrupulous tax preparers and others, holding an individual criminally liable when that individual files or causes the filing of numerous fraudulent tax returns as part of a scheme to commit tax fraud.

The Department routinely investigates tax schemes in which fraudulent actors file false returns with claims for unlawful tax refunds, or fail to file returns altogether. However, the provisions of the Tax Law that set out tax fraud crimes have sometimes been judicially interpreted to require that a person actually “pay” the state some amount of money before that person could be found guilty of criminal tax fraud, allowing refund fraud to evade prosecution under these laws. This bill would clarify that all tax fraud acts may be prosecuted under these statutes. The bill would also amend the aggregation provisions of the Tax Law to clarify that the total amount defrauded under a common plan or scheme can be charged in a single count of tax fraud.

The bill would also add new Tax Law §§ 1810 and 1810A to hold tax return preparers criminally accountable when they file, or cause to be filed, ten or more tax returns that they know to be materially false, with the intent to evade or reduce taxes owed or to effect unlawful refunds. New York State has seen a rise in the number of “refund mills”, wherein unscrupulous tax preparers file fraudulent returns to receive fraudulent refunds. While the Tax Department is often able to identify these schemes and prevent fraudulent refunds from being issued, we need to deter and punish such preparer behavior in order to safeguard the state fisc and protect unwitting taxpayers who ultimately are liable for the underreported taxes, interest, and penalties.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2021 Executive Budget because it would reduce statutory confusion and mitigate instances of tax fraud.

Effective Date:

This bill would take effect immediately.

Part L – Extend Excelsior Tax Credit Program and Enhance for Green Projects

Purpose:

This bill would amend the Excelsior Jobs Program to extend and enhance the program and to add tax credits for economic development projects aimed at reducing greenhouse gas emissions and supporting the use of clean energy.

Summary of Provisions and Statement in Support:

Chapter 106 of the Laws of 2019 enacted the New York State Climate Leadership and Community Protection Act (the “Act”) to address the adverse effects of climate change on New York. This legislation would add Green Economy Tax Credits to the Excelsior Jobs Program (the “Program”) to further the goals of the Act. The bill would also enhance and extend the Program.

Section 1 of the bill would add a new subdivision 8-a to Economic Development Law (“EDL”) § 352 to define the term “green project” to mean a project “deemed by the commissioner [of the Department of Economic Development] to make products or develop technologies that are substantially aimed at reducing greenhouse gas emissions or supporting the use of clean energy.”

Section 2 would amend EDL § 353(1) to add companies that engage in green projects and operate in New York predominantly in certain strategic industries (manufacturing; software development and new media; scientific research and development; and agriculture) to the list of eligible participants in the Program.

Section 3 would amend EDL § 354 to allow Excelsior Tax Credits to be claimed no later than 2049, consistent with extension of the program (see section 5 of the bill).

Section 4 would amend EDL § 355 to increase the amount of existing Excelsior Tax Credits where the participant in the Program is engaged in a green project. The existing Jobs Credit would be increased from up to 6.85 percent for traditional projects to up to 7.5 percent for green projects. The Excelsior Investment Tax Credit would be increased from 2 percent of the cost of the qualified investment for traditional projects to 5 percent if the participant is engaging in a green project. The Excelsior Research and Development Tax Credit would be increased from 6 percent to 8 percent of the research and development expenditures attributable to activities conducted in New York if the project is a green project.

Section 5 would amend EDL § 359 to add statutory caps for the years 2025 through 2039, set at \$200 million per year, and to extend the program through 2049; the last ten years would be covered by carryforward credits.

Section 6 of the bill would amend Tax Law § 31 to allow Excelsior Tax Credits to be claimed no later than 2049, consistent with extension of the Program (see section 5 of the bill).

Budget Implications:

Enactment of this bill is necessary to implement the FY 2021 Executive Budget because this is a central piece of the Governor’s Green Economy Agenda and extending the existing Excelsior Tax Credit program provides predictability to companies that are

eligible for these performance-based tax credits and are interested in coming to or expanding within the State.

Effective Date:

This bill would take effect immediately.

Part M – Reform the Film Tax Credit

Purpose:

This bill would amend the existing Empire State Film Production Credit and Empire State Film Post Production Credit.

Summary of Provisions and Statement in Support:

The bill would make several reforms to the Empire State Film Production Credit. This bill would reduce the amount of the credit from 30 percent to 25 percent. The bill also would clarify that a tax credit that receives funds from additional pool 2 may be claimed in the taxable year that is the later of 1) the taxable year when the production of the qualified film is complete, or 2) the first taxable year beginning immediately after the allocation year for which the film has been allocated credit by the Governor’s Office for Motion Picture and Television Development.

The bill would also reduce the Empire State Post Production Credit from 30 percent to 25 percent for qualified films produced at qualified post production facilities located within the Metropolitan Commuter Transportation District and from 35 percent to 30 percent for qualified films produced at qualified post production facilities located elsewhere in the State.

Further, the bill would exclude from the term “qualified film” an episode of a television series and would require that a qualified film, other than a television pilot, must have a minimum budget of \$1 million dollars if the majority of principal photography shooting days for the qualified film are shot in the counties of Westchester, Rockland, Nassau, or Suffolk or the five New York City boroughs, and have a minimum budget of \$250,000 if the majority of principal photography shooting days are shot in other counties of the State. Finally, variety entertainment, variety sketch and variety talk programs, other than relocated television productions, would be excluded from the definition of a “qualified film” and, therefore, would not qualify for the Empire State film production or post production credits. Series that have been conditionally eligible prior to April 1, 2020 would continue to be eligible provided they remain in continuous production and continually apply for each season.

The bill also would extend the film credit for one year.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2021 Executive Budget because it would enhance the effectiveness of the credit and improve utilization of allocated credit amounts.

Effective Date:

This bill would take effect immediately; provided, however, that the amendments made by sections one, three and five shall apply to applications that are filed with the Governor's Office for Motion Picture and Television Development on or after April 1, 2020.

Part N – Provide a Local Option for Placing Converted Condos Into the Homestead Class

Purpose:

This proposal would give municipalities that have separate tax rates for homestead and non-homestead properties, and that value converted condos using the sales approach, the local option of placing converted condominiums in the homestead class.

Summary of Provisions and Statement in Support:

Approved assessing units are permitted to establish different tax rates for homestead (residential) property and non-homestead property. Condominiums are in the non-homestead class and so do not enjoy the benefit of the lower homestead tax rate. The reason they are in the non-homestead class is that, unlike other residential property, they generally must be assessed based on their rental value rather than their sales value. However, municipalities have the option of using sales-based assessments for "converted" condominiums – condos that were originally rental apartments. Since those condos are being assessed at sales value, they should be placed into the homestead class with other residential property, but the law does not currently allow it. This proposal would give municipalities the option to do so.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2021 Executive Budget.

Effective Date:

This bill would take effect immediately.

Part O – Deny STAR Benefits to Delinquent Property Owners

Purpose:

This bill would provide state support for the local enforcement of past-due property taxes, by precluding delinquent property owners from receiving STAR credits or exemptions if their property taxes remain unpaid.

Summary of Provisions and Statement in Support:

Local governments have limited means to enforce the collection of past-due property taxes. This bill enables the state to support the local enforcement of past-due property taxes by authorizing the Commissioner of Taxation and Finance to disallow STAR credits and exemptions to delinquent property owners based on information reported to him or her by municipal officials.

More specifically, the bill would provide that no STAR credits or exemptions may be granted to property owners with delinquent property taxes, even if they are otherwise eligible. It would further empower the Commissioner of Taxation and Finance to establish the procedures he or she deems necessary to administer this program.

The Commissioner's procedures would have to ensure that property owners would be notified at least 30 days in advance of the impending loss of their STAR credits or exemptions, so they have the opportunity to pay their past-due property taxes in full before their STAR benefits for the forthcoming school year are permanently lost. If they do not pay by the specified date, they will be ineligible for STAR benefits for the forthcoming school year and for as long thereafter as their past-due property taxes remain unpaid.

Upon payment of their past-due property taxes, property owners who had been receiving the STAR credit may begin receiving the credit again on a prospective basis, if otherwise eligible. Property owners who had been receiving the STAR exemption will also be allowed back into the STAR program prospectively if otherwise eligible, but they will not be allowed to receive the exemption again; they will have to switch to the STAR credit.

Since data regarding property tax payments is only maintained at the local level, the Commissioner would also be authorized to establish procedures for municipal officials to report the necessary data to the Commissioner. This would enable the Commissioner to support the local enforcement of past-due property taxes by disallowing STAR credits and exemptions to delinquent property owners.

Recognizing that local government practices vary widely, the bill does not prescribe a fixed schedule for the reporting of data. Instead, it gives the Commissioner the authority to determine which schedule(s) would be the most suitable after considering all the facts and circumstances.

Once this program is in place, homeowners will be strongly incentivized to keep current on their property tax payments. That will reduce the need for local governments officials to devote resources to enforcing delinquent taxes, while strengthening the fiscal position of local governments and school districts throughout the State.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2021 Executive Budget because implementing these actions will promote the payment of past-due property taxes, at the risk of losing the STAR exemption or credit.

Effective Date:

This bill would take effect immediately.

Part P – Allow for the Appointment of Acting County Directors of Real Property Tax Services

Purpose:

This bill would amend the Real Property Tax Law (RPTL) to allow for the appointment of an Acting Director of Real Property Tax Services in the event that the appointed Director of Real Property Tax Services is unable to perform the duties of the office or the office becomes vacant.

Summary of Provisions and Statement in Support:

This bill would amend RPTL § 1530 to provide for the appointment of an Acting Director of Real Property Tax Services in the event that the appointed Director of Real Property Tax Services is unable to perform the duties of the office or the office becomes vacant.

RPTL § 314 provides for the appointment of an acting assessor when an assessor is unable to perform the duties of the office or the position becomes vacant, thus allowing the assessment process to continue unimpeded even though the appointed assessor is not present or able to carry out those duties. Experience has shown that similar issues arise at the county level as well, but there is no provision for a temporary director to be appointed in the interim. This legislation would provide a similar provision for appointing an acting Director of Real Property Tax Services when the appointed director is similarly unable to perform the duties of the office or when the position is vacant.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2021 Executive Budget.

Effective Date:

This bill would take effect immediately.

Part Q – Modernize and Merge Real Property Tax Forms and Processes

Purpose:

This bill would facilitate the modernization and consolidation of the process for reporting real property transfers, and for paying the associated tax and fees.

Summary of Provisions and Statement in Support:

When real property is sold, two different State-prescribed forms must be filed, both on paper, and a real estate transfer tax (RETT) must be paid, unless an exemption from the tax applies. The two forms (TP-584 and RP-5217) are largely duplicative of one another, but they cannot be readily combined because one form is a RETT return that is subject to the secrecy provisions of the Tax Law, and the other is a real property tax report that, by law, is fully subject to public disclosure.

This bill would authorize the Commissioner of Taxation and Finance to combine these two forms into a consolidated real property transfer form and to implement an online system for e-filing this consolidated form and paying the associated taxes and fees. This reform would greatly streamline the real property transfer process for practitioners and other affected parties, while ensuring that the confidential portion of the RETT return remains subject to the secrecy protections. The bill would also protect the interest of county clerks by ensuring that they will continue to receive the same fees that they now collect (\$9 per RP-5217 and \$1 per TP-584), even though users of the online system will be e-filing the forms with, and paying the taxes and fees to, the Tax Department.

It should be noted that in New York City and Westchester County, which have instituted their own electronic deed recording systems, the Department's e-filing option would be available only if the city or county opted to allow it to be used.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2021 Executive Budget.

Effective Date:

This bill would take effect immediately.

Part R – Abolish the State Board of Real Property Tax Services

Purpose:

This bill would abolish the State Board of Real Property Tax Services and transfer its remaining duties to the Commissioner of Taxation and Finance.

Summary of Provisions and Statement in Support:

In 2010, when the responsibilities of the State Office of Real Property Services were transferred to the Department of Taxation and Finance, the State Board of Real Property Services was retained and renamed the State Board of Real Property Tax Services. This bill would abolish that board and thereby make the process of reviewing and determining complaints involving equalization rates, special franchise assessments, and certain assessment ceilings more efficient, while aligning the Department of Taxation and Finance with other agencies, and eliminating instances where complaints cannot be resolved due to the lack of a quorum.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2021 Executive Budget.

Effective Date:

This bill would take effect October 1, 2020.

Part S – Remove References to the STAR Offset Program

Purpose:

This bill would remove obsolete references in the Real Property Tax Law and the Tax Law to the former STAR offset program.

Summary of Provisions and Statement in Support:

Budget legislation adopted in 2012 (c. 59, pt. B) enacted a temporary “offset” program, under which homeowners with “past-due State tax liabilities” lost their STAR exemptions and the amount of their lost STAR benefits was applied to reduce the amount of taxes owed to the state. This program is no longer in effect, having lapsed after the 2015-16 school year. However, references to the program in the Real Property Tax Law and Tax Law still exist; this bill would remove these obsolete references.

Recent appropriations bills have continued to reference this program; however, these references should be discontinued in future budget years.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2021 Executive Budget.

Effective Date:

This bill would take effect immediately.

Part T – Make Technical Amendments to Telecommunications and Railroad Ceiling Programs

Purpose:

This bill would clarify the railroad ceiling valuation date to ensure that the Department and localities are using a consistent date, and would clarify the equalization rates to be used in the telecommunications ceiling program.

Summary of Provisions and Statement in Support:

Real Property Tax Law §§ 489-c and 489-cc provide that railroad property is to be valued as of July 1 of the preceding year for ceiling purposes. However, §§ 489-e and 489-ee provide that local governments are to value such property as of December 31 of the preceding year. This proposal would apply a consistent valuation date of December 31 for both ceiling and local valuation purposes. This proposal also would clarify that the equalization rate to be used for telecommunications ceiling purposes is the prior year's rate.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2021 Executive Budget.

Effective Date:

This bill would take effect immediately.

Part U – Make Exceptions for Late Enhanced STAR Filers

Purpose:

This bill would reopen the enrollment period for the STAR Income Verification Program (IVP) and allow DTF to send checks to qualified late enrollees.

Summary of Provisions and Statement in Support:

Until recently, senior citizens seeking the benefit of the Enhanced STAR exemption could demonstrate their income-eligibility either by (1) providing proof of their income

annually to their local assessors, or by (2) enrolling in the IVP administered by the Department of Taxation and Finance. That changed when Chapter 59 of the Laws of 2018 eliminated the first option and made enrollment in the IVP mandatory for all recipients of the Enhanced STAR exemption, effective in 2019.

While the vast majority of longstanding Enhanced STAR exemption recipients enrolled in the IVP in sufficient time to retain their exemptions, a number did not. It seems likely that many, if not most, of those who failed to enroll had income or residency issues that rendered them ineligible for Enhanced STAR, and wished to avoid the rigorous scrutiny that the IVP provides. But it is also possible that some of those who failed to enroll were in fact eligible, and simply didn't appreciate the need to enroll. Those individuals should be given a second chance.

This proposal would reopen the IVP enrollment period, and allow the Tax Department to send checks to qualified late enrollees to offset the increases they saw in their school tax bills due to their initial failure to enroll. In most cases, this means they will receive a check in an amount equal to the difference between a school tax bill with a Basic STAR exemption (i.e., the tax bill they received) and a tax bill with an Enhanced STAR exemption (i.e., the tax bill they would have received had they enrolled in the IVP on time).

Budget Implications:

Enactment of this bill is necessary to implement the FY 2021 Executive Budget to ensure these Enhanced STAR recipients receive the full benefit they are entitled to. The estimated additional cost to the Financial Plan is \$4 million.

Effective Date:

This bill would take effect immediately.

Part V – Build a New Equine Drug Testing Lab

Purpose:

This bill would permit NYRA to use their capital funds to finance and construct a new state-of-the-art equine drug testing laboratory.

Summary of Provisions and Statement in Support:

NYRA is now authorized to fund the construction and initial equipping of an equine drug testing and research laboratory in New York as a capital expenditure. NYRA shall consult with the Gaming Commission regarding the scope of the project and equipping the laboratory. The siting and use of such laboratory shall be governed by a long-term

lease between NYRA and the Commission. The Commission shall operate or contract for the operation of the laboratory.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2021 Executive Budget because updating the equine drug testing lab is critical for the continued enhancement of current testing protocols and laboratory equipment.

Effective Date:

This bill would take effect immediately.

Part W – Authorize Entry Into the Mid-Atlantic Drug Compact

Purpose:

This bill would authorize entry into the Mid-Atlantic Drug Compact, to enhance and standardize equine drug testing, and maintain the integrity of the racing industry.

Summary of Provisions and Statement in Support:

A new Article XI-a is added to the Racing, Pari-Mutuel Wagering and Breeding Law authorizing the Gaming Commission to participate in the compact.

This bill contains the following provisions:

- Enables member states to act jointly to create more uniform, effective, and efficient rules relating to drugs and medications for racehorses;
- The compact shall come into force when any two states enact the compact, with one delegate for each member state;
- A compact rule shall take effect by super majority vote (80%);
- The compact shall adopt, amend, and rescind by-laws to govern its conduct;
- Ability to propose and adopt breed specific compact equine drugs and medications rules;
- Direct the publication in each member state of each equine drug rule proposed, conduct a review of public comments received in response to such proposed rule, consult with national industry stakeholders, and vote on the adoption of the proposed compact rule;
- The compact dissolves when the withdrawal of a member state reduces compact membership to one state.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2021 Executive Budget because it provides standardization of equine drug testing rules across all member states.

Effective Date:

This bill would take effect immediately.

Part X – Amend Sports Wagering Lounge Restrictions

Purpose:

This bill would allow sports wagers to be made from locations within a casino outside a sports wagering lounge.

Summary of Provisions and Statement in Support:

Under current law, a sports pool can only be operated in a sports wagering lounge at a casino. A sports pool is defined as the business of accepting wagers on any sports event by any system or method of wagering. This bill would amend current law by stating that a sports pool shall be primarily operated in a sports wagering lounge at a casino, which would allow wagers to be made from other locations inside the casino, pursuant to regulation.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2021 Executive Budget because it would provide necessary flexibility for sports wagering at casinos.

Effective Date:

This bill would take effect immediately.

Part Y – Eliminate Quick Draw Minimum Size Restrictions

Purpose:

This bill would eliminate the size restriction on vendor locations selling Quick Draw tickets in order to increase revenue earned for aid to education in the State.

Summary of Provisions and Statement in Support:

This bill would increase Quick Draw earnings by eliminating the 2,500 square foot limitation on locations where Quick Draw may be offered. The restrictions imposed on Quick Draw by the 1995 authorizing legislation were experimental. In practice, the size

restriction has reduced the eligible licensed agents by half, substantially reducing the amount of earnings that would otherwise be generated by the game. New York is the only State with these limitations on Quick Draw style-games.

Section 1 of the bill would amend Section 1612(a)(1) of the Tax Law to eliminate the restriction limiting sales of Quick Draw tickets to premises larger than 2,500 square feet.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2021 Executive Budget because it would increase All Funds revenue by \$15 million in FY 2021 and \$30 million annually thereafter.

Effective Date:

This bill would take effect immediately.

Part Z – Extend Pari-Mutuel Tax Rate and Simulcast Provisions for One Year

Purpose:

This bill would extend for one additional year various provisions of the Racing, Pari-Mutuel Wagering and Breeding Law.

Summary of Provisions and Statement in Support:

Section 1 would amend Racing, Pari-Mutuel Wagering and Breeding Law (PML) § 1003(a) to extend the June 30, 2020 expiration date for in-home simulcasting.

Section 2 would amend PML § 1007(3)(d) to extend the current percentage of total pools allocated to purses that a track located in Westchester County receives from a franchised corporation, which currently is scheduled to expire on June 30, 2020.

Section 3 would amend the opening paragraph of PML § 1014, to continue the provisions allowing simulcasting of out-of-state thoroughbred races on any day the Saratoga thoroughbred track is operating, which currently are scheduled to expire on June 30, 2020.

Section 4 would amend PML § 1015(1) to extend the provisions governing the simulcasting of races conducted at out-of-state harness tracks, which currently are scheduled to expire on June 30, 2020.

Section 5 would amend the opening paragraph of PML §1016(1) to continue the provisions governing the simulcasting of out-of-state thoroughbred races on any day the

Saratoga thoroughbred track is closed, which currently are scheduled to expire on June 30, 2020.

Section 6 would amend the opening paragraph of PML §1018 to extend the current distribution of revenue from out-of-state simulcasting during the Saratoga meet, which expired on September 8, 2019.

Section 7 would amend § 32 of chapter 281 of the Laws of 1994 to extend the current amount of off-track betting wagers on New York Racing Association, Inc. (NYRA) pools dedicated to purse enhancement, which currently are scheduled to expire on June 30, 2020.

Section 8 would amend § 54 of chapter 346 of the Laws of 1990 to continue binding arbitration for disagreements. These provisions currently are scheduled to expire on June 30, 2020.

Section 9 would amend PML § 238(1)(a) to continue the current distribution of revenue from on-track wagering on NYRA races, which currently is scheduled to expire on December 31, 2020.

Extending these provisions would maintain the pari-mutuel betting and simulcasting structure that is currently in place in New York State. The provisions extended by sections one through six of this bill were first enacted in 1994 and section seven was enacted in 1990. These provisions were extended numerous times since their original enactment, most recently in FY 2020.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2021 Executive Budget because it maintains the current pari-mutuel betting structure in New York State.

Effective Date:

This bill would take effect immediately.

Part AA – Shift Basic STAR Exemptions to the Credit Program

Purpose:

This bill would reduce the income limit for the Basic STAR exemption to \$200,000.

Summary of Provisions and Statement in Support:

The bill would reduce the income limit for the Basic STAR exemption from \$250,000 to \$200,000. Property owners with incomes greater than \$200,000 who had been receiving the Basic STAR exemption on the preceding assessment roll would be

switched automatically to the Basic STAR credit, unless the Commissioner of Taxation and Finance is unable to verify their eligibility for the credit, in which case they will be notified and given an opportunity to demonstrate their eligibility.

The Basic STAR credit is at least equal to, if not greater than, the monetary value of the Basic STAR exemption. The difference is that the benefit is provided in the form of a check, rather than a school tax reduction. The law generally requires STAR credit checks to be issued before school taxes are due, or interest must be paid thereon.

The Basic STAR exemption limit was lowered from \$500,000 to \$250,000 in 2019 (Ch. 59, Part RR). Most property owners were then automatically switched into the more beneficial credit program and continued to enjoy the full benefits of STAR despite the change in the form of the delivery of the benefit.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2021 Executive Budget. Lowering the Basic STAR income limit would reduce General Fund spending by \$74 million in FY 2021.

Effective Date:

This bill would take effect immediately.

Part BB – Enact the Cannabis Regulation and Taxation Act

Purpose:

This bill would create and amend existing laws to legalize adult-use cannabis, consolidate governance of all forms of cannabis and create a regulatory structure to oversee the licensure, cultivation, production, distribution, sale and taxation of cannabis within New York State.

Summary of Provisions and Statement in Support:

This bill would create the cannabis law, which would merge existing law for medical cannabis and cannabinoid hemp and create a new article for adult-use. Regulation of cannabis benefits public health by enabling government oversight of the production, testing, labeling, distribution, and sale of cannabis. The creation of a regulated cannabis program would enable New York State to control licensure, ensure quality control and consumer protection, determine product potency, set age and quantity restrictions and do so through a comprehensive regulatory framework.

This bill would establish the Office of Cannabis Management (OCM) within the Division of Alcohol Beverage Control, governed by a five-member Cannabis Control Board

overseeing the adult-use, medical and cannabinoid hemp industries. The powers of this new office include but are not limited to: the establishment of cultivation and processing standards; the licensure of all business entities in the production and distribution chain; the inspection and enforcement of program standards and the development and issuance of program regulations.

Article 3 governs New York State's Medical Cannabis Program, designed to comprehensively regulate the manufacture, sale and use of medical cannabis while striking a balance between potentially relieving the pain and suffering of those in desperate need of treatment and protecting the public against risks to health and safety. The Office of Cannabis Management will supervise the continued expansion of the medical cannabis program and promote reforms that expand patient access, product affordability and encourage further medical cannabis research opportunities.

Article 4 of the bill would regulate and control the cultivation, processing, manufacturing, distribution and sale of cannabis products for adults over 21 years of age. This bill would utilize a three-tier market structure (similar to the alcohol model) for the adult-use cannabis industry. In general, the model prohibits vertical integration and would be coupled with licensing limits and supply management to control market concentration and encourage social equity applicant participation.

This bill would establish a robust social and economic equity program to actively encourage members of communities who have been disproportionately impacted by the policies of cannabis prohibition to participate in the new industry through the implementation of a social and economic equity plan – providing technical assistance, training, loans and mentoring to qualified social and economic equity applicants.

Article 5 of the bill would provide a regulatory framework to comprehensively regulate cannabinoid hemp (CBD products) including the licensing of processors and retailers of cannabinoid hemp. The bill provides production standards, testing requirements and product labeling provisions to safe guard the quality of cannabinoid hemp products available on the market. The growth and cultivation of all hemp will continue to be regulated by the Department of Agriculture and Markets.

This bill would amend Tax Law to add a new Article 20-C, Tax on Adult-Use Cannabis Products, to impose three taxes. The first tax is imposed on the cultivation of cannabis at the rate of \$1 per dry weight gram of cannabis flower, \$0.25 per dry weight gram of cannabis trim, and \$0.14 per gram of wet cannabis. The second tax is imposed on the sale by any person to a retail dispensary at the rate of 20 percent of the invoice price. The third tax is imposed on the same sale by any person to a retail dispensary at the rate of 2 percent of the invoice price but collected in trust for and on account of the county in which the retail dispensary is located. Every person to whom a cannabis flower, cannabis trim, or wet cannabis is sold or transferred to, as well as any person registered as a microbusiness, cooperative, or registered organization under cannabis law would be required to apply to the Commissioner of Taxation and Finance for a

Certificate of Registration prior to commencing business and renew such registration every two years.

Revenues from the State cannabis taxes shall be deposited in the New York State Cannabis Revenue Fund and expended for the following purposes: administration of the regulated cannabis program, data gathering, monitoring and reporting, the governor's traffic safety committee, social and economic equity plan of the office of cannabis management, substance abuse, harm reduction and mental health treatment and prevention, public health education and intervention, research on cannabis uses and applications, program evaluation and improvements, and any other identified purpose recommended by the director of the Office of Cannabis Management and approved by the Director of the Budget.

Counties and cities with a population of 100,000 or more would have the opportunity to opt-out of the provisions of Article 4 of the bill with the passage of a local law, ordinance or resolution by a majority vote of their governing body. Counties, cities, towns, and villages will be able to dictate the hours of operation and location of licensed adult-use cannabis retail dispensaries within their jurisdiction, through local zoning powers.

The bill also would create conforming changes to a number of different laws including amending the public health law, in relation to the description of cannabis; the vehicle and traffic law, in relation to making technical changes regarding the definition of cannabis and the enforcement of driving violations; the penal law, in relation to the qualification of certain offenses involving cannabis and to exempt certain persons from prosecution for the use, consumption, display, production or distribution of cannabis; the tax law, in relation to providing for the levying of taxes on cannabis; the criminal procedure law, the civil practice law and rules, the general business law, and the state finance law.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2021 Executive Budget because it would increase All Funds revenue by \$20 million in FY 2021, \$63 million in FY 2022, \$85 million in FY 2023, \$141 million in FY 2024, and \$188 million in FY 2025. The FY 2021 Executive Budget also includes \$13 million in new funding to support the operations of the new Office of Cannabis Management.

Effective Date:

This bill would take effect immediately; provided, however, that sections 92, 93 and 95 of article 5 in section two of the act shall take effect January 1, 2021, that the amendments to the penal law made by section fifty-five of this act shall not affect the repeal of such article and shall be deemed to be repealed therewith; provided further that the amendments to section 89-h of the state finance law made by section fifty-eight of this act shall not affect the repeal of such section and shall be deemed repealed therewith; provided further, that the amendments to section 221.00 of the penal law

made by section fifteen of this act shall be subject to the expiration of such section when upon such date the provisions of section fifteen-a of this act shall take effect; provided, however, that the amendments to subdivision 2 of section 3371 of the public health law made by section sixty-one of this act shall not affect the expiration of such subdivision and shall be deemed to expire therewith; provided further, that the amendments to subdivision 3 of section 853 of the general business law made by section sixty-two of this act shall not affect the repeal of such subdivision and shall be deemed to be repealed therewith; and provided further, that the amendments to subdivision 5 of section 410.91 of the penal law made by section sixty-three of this act shall be subject to the expiration and reversion of such subdivision when upon such date the provisions of section sixty-three-a of this act shall take effect; provided however that sections 37- 38 of this act shall take effect on April 1, 2021 and shall apply on and after such date to: (1) the sale or transfer of cannabis flower, cannabis trim or wet cannabis to any person; (2) cultivation of cannabis flower, cannabis trim or wet cannabis by a person licensed under the cannabis law as a microbusiness, cooperative or registered organization; (3) the sale or transfer of adult use cannabis products to a retail dispensary; and (4) the sale of adult-use cannabis products to a consumer by a retail dispensary operated by a person licensed under the cannabis law as registered organization.

The provisions of this act shall take effect immediately, provided, however, that the applicable effective date of each part of this act shall be as specifically set forth in the last section of such part.