



February 2002

# Analysis of Article 9-A General Business Corporation Franchise Tax Credits for 1998

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# Introduction and Purpose

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This report provides an accounting of credit activity under the General Business Corporation Franchise Tax (Article 9-A). The report does not include credit activity attributable to banks, insurance companies or utilities, because such entities are taxable under other articles of the tax law. This study is mandated by section 109(a) of the Business Tax Reform and Rate Reduction Act of 1987 (BTRRRRA). The data used to generate this report come from an annual study conducted by the Office of Tax Policy Analysis (OTPA). The study is based on the latest available data drawn from New York State corporation tax returns. These data pertain to corporations whose taxable year begins on or after January 1, 1998, and ends on or before November 30, 1999 (hereinafter referred to as the 1998 tax liability year).

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

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## Highlights for 1998

- Corporate taxpayers *earned* a total of \$375.5 million in credits, *claimed* a total of \$1,948.5 million in credits and *used* a total of \$175.9 million in credits against their Article 9-A liability.
- The traditional investment tax credit (ITC) accounted for about 67.9 percent of all tax credits used.
- Taken together with the ITC for financial services, the two ITC's accounted for 71.5 percent of all tax credits used.
- Between 1997 and 1998, the total amounts of credit claimed and credit used increased by 10 percent. Credit earned increased by 47 percent between 1997 and 1998.
- Over 80.8 percent of the amount of traditional ITC credits used were in amounts greater than \$100,000, 96.3 percent of the amount of ITC

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for financial services credits used were in amounts greater than \$100,000.

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# Analysis of Statistical Data

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## Description of Tables

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

The tables present data on the number of taxpayers taking the credit, the total amount of credit, the average (mean) amount of credit and the median amount of credit,<sup>1</sup> for the following components of each credit:<sup>2</sup>

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

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

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

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

The major industry group category is based on Standard Industrial Classification Codes (SICs). Taxpayers report their principal business activity using SIC codes from their federal tax returns.<sup>4</sup> These codes identify the general type of business activity in which the entity is engaged. The major industry groups presented in this report consist of agriculture; mining; construction; manufacturing; transportation, communications, public utility services; wholesale trade; retail trade; finance, insurance and real estate; and services. Taxpayers who fail to provide SIC information, or who may report outdated codes, become unidentifiable by industry group and are classified as such in this report.

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## Data Considerations

The data contained in these tables come directly from the returns of corporations claiming the credits.<sup>5</sup> Beginning with the 1997 tax year, data for four new credits were captured from tax returns. Data for the credit for employing individuals with disabilities and the investment tax credit for financial services are presented in new tables. The data for the empire zone (EZ)<sup>6</sup> investment tax credit for financial services is included only with the totals for EZ credits on Tables 1 and 2. There were not enough claims for the alternative fuels vehicle credit to be included in this report.

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

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

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## Summary of Credit Activity

The tables in this report summarize tax credit activity by component and type of credit. The totals in the tables may not match the detail tables due to rounding and disclosure requirements. These tables also provide information on recaptured and refundable credits.

In all tables, ‘--’ indicates that the component does not apply to the credit or that the data for that component are not available. The letter ‘d’ indicates that the data cannot be presented due to confidentiality restrictions of the tax law. Total values for number of taxpayers, amount of credit, and mean and median credit were computed using all taxpayers in the study. The available data for all tables do not reflect changes made on audit or amended filings.

Table 1: Comparison of Article 9-A Tax Credit Activity - 1997 and 1998

	1997 (\$ millions)							
	Total Credit Earned	Unused Credit from the Prior Year	Total Credit Available	Recaptured Credit	Credit Claimed	Credit Used	Refundable Credit	Credit Carried Forward
Investment Credit	\$214.2	1,434.5	1,648.6	16.7	1,632.0	142.1	10.1	1,480.2
Special Additional Mortgage Recording Credit	0.8	1.6	2.4	--	2.4	0.3	0.9	2.1
Job Incentive Credit	--	--	--	--	--	0.0	--	--
EZ Credits	32.8	35.8	68.6	0.2	68.4	6.4	3.1	59.0
Alternative Minimum Tax Credit	7.7	71.2	71.2	0.0	71.2	8.3	0.0	62.9
Mortgage Servicing Tax Credit	--	--	--	--	--	--	--	--
Farmer's School Tax Credit	0.3	0.0	0.3	0.0	0.3	0.0	0.3	0.0
Credit for Employing Individuals with Disabilities	--	--	--	--	--	--	--	--
Investment Tax Credit for Financial Services	--	--	--	--	--	--	--	--
Total 1/	255.8	1,543.0	1,791.1	16.9	1,774.2	157.1	14.3	1,604.1

  

	1998 (\$ millions)							
	Total Credit Earned	Unused Credit from the Prior Year	Total Credit Available	Recaptured Credit	Credit Claimed	Credit Used	Refundable Credit	Credit Carried Forward
Investment Credit	\$208.9	1,455.7	1,664.6	9.0	1,655.6	119.5	10.0	1,526.1
Special Additional Mortgage Recording Credit	0.8	1.6	2.4	--	2.4	0.7	0.4	1.7
Job Incentive Credit	--	--	--	--	--	0.0	--	--
EZ Credits	47.9	54.9	102.8	0.5	102.4	36.5	3.5	62.4
Alternative Minimum Tax Credit	9.2	79.3	79.3	--	79.3	12.8	--	66.5
Mortgage Servicing Tax Credit	--	--	--	--	--	--	--	--
Farmer's School Tax Credit	0.5	--	0.5	--	0.5	0.0	0.5	0.0
Credit for Employing Individuals with Disabilities	0.0	--	0.0	--	0.0	0.0	--	0.0
Investment Tax Credit for Financial Services	108.0	0.2	108.3	0.0	108.3	6.3	--	101.9
Total 1/	375.5	1,591.8	1,958.0	9.5	1,948.5	175.9	14.3	1,758.8

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

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## Overview of Major Credit Provisions

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

### Investment Tax Credit

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

### Employment Incentive Credit

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

### Credit on Research and Development Property Under the Investment Tax Credit

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

### Financial Services ITC

Taxpayers may claim the ITC on property used in the financial services industry. The rules for this credit are generally the same as for the regular ITC. This is the first year that this credit is available.

### Empire Zone Credits/Zone Equivalent Area Wage Tax Credit

EZ credits include an investment tax credit, a wage credit (for targeted and non-targeted employees in such zones), and a capital corporation tax credit (for the purchase of original issue stock issued by a certified empire zone capital corporation). A wage tax credit is available for employment in a ZEA.

### Alternative Minimum Tax Credit

In certain instances, taxpayers could be subject to double taxation on the same transaction under the regular tax system and the AMT. To eliminate this double-tax result, the law provides a credit mechanism. The AMT credit equals the taxpayer's adjusted minimum tax, minus any amount used as a minimum tax credit in prior years. (For a complete explanation, see Appendix A.)

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## Endnotes

1. As used in this report, “Mean Amount of Credit” is defined as the average amount of credit in a given category. “Median Amount of Credit” is defined as the central value representing an equal number of credit values below and above it.
2. There is only data available for the “credit used” component for the Job Incentive Credit.
3. Taxpayers may use credits to reduce their tax liabilities computed under the entire net income base, capital base or subsidiary capital base. However, credits may not be used to reduce tax liability below the amount computed under the alternative minimum tax base or the fixed dollar minimum base, whichever is higher.
4. For tax years beginning in 1998, taxpayers are asked to report their principal business activity on their federal tax return using North American Industrial Classification System (NAICS) codes. However, for time-series comparison, the tables are presented in the Standard Industrial Classification Codes (SICs) format. Next year, when there are two consecutive NAICS reporting years, the tables will be presented in NAICS format.
5. Historical data presented in this report may differ from that presented in previous reports. This can occur as a result of changes made to the data collection process and minor adjustments made to the original data files.
6. The “Empire Zones Program Act,” passed in the SFY 2000-01 budget changed the term “economic development zones (EDZs)” to “empire zones (EZs).” All references to economic development zone credits are changed in this report to reflect this new designation.

Table 2: Profile of Total New York State Tax Credits - 1997 and 1998

Credits Earned By Year and Credit Type

Credit	1997		1998	
	Number of Taxpayers	Amount of Credit Earned	Number of Taxpayers	Amount of Credit Earned
Investment Tax Credit	2,627	\$214,190,081	2,474	\$208,897,313
Additional Mortgage Recording Credit	58	795,924	109	791,581
Job Incentive Credit	--	--	--	--
EZ Wage Credit	131	4,176,861	167	6,179,885
EZ Capital Corporation Credit	--	--	9	98,376
EZ Investment Tax Credit	124	28,038,177	147	35,219,928
ZEA Wage Credit	13	611,125	18	658,482
Alternative Minimum Tax Credit	3,380	7,708,926	3,395	9,183,050
Mortgage Servicing Tax Credit	--	--	--	--
Farmers' School Tax Credit	62	303,434	89	507,698
Credit for Employing Individuals with Disabilities	--	--	15	50,528
Investment Tax Credit for Financial Services	--	--	24	108,078,134
EZ Investment Tax Credit for Financial Services	--	--	d/	d/

Credits Claimed By Year and Credit Type

Credit	1997		1998	
	Number of Taxpayers	Amount of Credit Claimed	Number of Taxpayers	Amount of Credit Claimed
Investment Tax Credit	3,432	\$1,631,995,413	3,389	\$1,655,550,793
Additional Mortgage Recording Credit	99	2,385,438	147	2,397,885
Job Incentive Credit	--	--	--	--
EZ Wage Credit	154	8,728,008	186	11,247,258
EZ Capital Corporation Credit	--	--	13	4,206,289
EZ Investment Tax Credit	138	58,998,413	171	80,300,231
ZEA Wage Credit	14	659,531	23	847,526
Alternative Minimum Tax Credit	3,020	71,168,033	2,618	79,323,681
Mortgage Servicing Tax Credit	--	--	--	--
Farmers' School Tax Credit	62	303,434	89	507,698
Credit for Employing Individuals with Disabilities	--	--	15	50,528
Investment Tax Credit for Financial Services	--	--	24	108,276,182
EZ Investment Tax Credit for Financial Services	--	--	d/	d/

Table 2: Profile of Total New York State Tax Credits – 1997 and 1998 (Con't)

Credits Used By Year and Credit Type

Credit	1997		1998	
	Number of Taxpayers	Amount of Credit Used	Number of Taxpayers	Amount of Credit Used
Investment Tax Credit	2,797	\$142,067,968	2,774	\$119,490,716
Additional Mortgage Recording Credit	81	330,404	136	666,700
Job Incentive Credit	d/	d/	3	78,775
EZ Wage Credit	124	1,884,201	152	2,354,145
EZ Capital Corporation Credit	4	6,539	15	796,640
EZ Investment Tax Credit	86	4,020,423	108	27,304,947
ZEA Wage Credit	12	460,654	18	278,282
Alternative Minimum Tax Credit	838	8,311,711	816	12,789,308
Mortgage Servicing Tax Credit	--	--	--	--
Farmers' School Tax Credit	13	15,660	19	27,139
Credit for Employing Individuals with Disabilities	--	--	12	22,584
Investment Tax Credit for Financial Services	--	--	22	6,340,440
EZ Investment Tax Credit for Financial Services	--	--	d/	d/

Credits Carried Forward By Year and Credit Type

Credit	1997		1998	
	Number of Taxpayers	Amount of Credit Carried Forward	Number of Taxpayers	Amount of Credit Carried Forward
Investment Tax Credit	2,673	\$1,480,191,278	2,684	\$1,526,108,124
Additional Mortgage Recording Credit	52	2,055,033	65	1,731,185
Job Incentive Credit	--	--	--	--
EZ Wage Credit	119	6,337,058	148	7,046,014
EZ Capital Corporation Credit	--	--	8	3,417,784
EZ Investment Tax Credit	121	52,438,399	146	51,397,556
ZEA Wage Credit	8	178,376	15	533,668
Alternative Minimum Tax Credit	2,648	62,856,322	2,184	66,534,373
Mortgage Servicing Tax Credit	--	--	--	--
Farmers' School Tax Credit	7	10,813	8	19,538
Credit for Employing Individuals with Disabilities	--	--	8	27,944
Investment Tax Credit for Financial Services	--	--	5	101,935,742
EZ Investment Tax Credit for Financial Services	--	--	d/	d/

Table 3: Profile of New York State Investment Tax Credit by Basis of Taxation - 1998 Liability Year

Credit Earned						
	Basis of Taxation	Number of Taxpayers	Amount of Credit Earned	% of Credit Earned	Median Credit Earned	Mean Credit Earned
	Entire Net Income	503	\$23,218,548	11.11	\$4,625	\$46,160
	Fixed Dollar Minimum Tax	787	61,365,330	29.38	4,184	77,974
	Capital Base	69	4,024,527	1.93	3,458	58,326
	Alternative Minimum Tax	1,115	120,288,908	57.58	8,718	107,882
	Total	2,474	\$208,897,313	100.00	\$5,971	\$84,437

Credit Claimed						
	Basis of Taxation	Number of Taxpayers	Amount of Credit Claimed	% of Credit Claimed	Median Credit Claimed	Mean Credit Claimed
	Entire Net Income	575	\$44,346,650	2.68	\$4,815	\$77,125
	Fixed Dollar Minimum Tax	1,266	476,415,986	28.78	20,210	376,316
	Capital Base	90	27,653,692	1.67	3,030	307,263
	Alternative Minimum Tax	1,458	1,107,134,465	66.87	40,052	759,351
	Total	3,389	\$1,655,550,793	100.00	\$21,905	\$488,507

Credit Used						
	Basis of Taxation	Number of Taxpayers	Amount of Credit Used	% of Credit Used	Median Credit Used	Mean Credit Used
	Entire Net Income	570	\$25,700,451	21.51	\$4,512	\$45,089
	Fixed Dollar Minimum Tax	807	6,421,976	5.37	820	7,958
	Capital Base	81	2,594,073	2.17	2,238	32,026
	Alternative Minimum Tax	1,316	84,774,216	70.95	3,856	64,418
	Total	2,774	\$119,490,716	100.00	\$2,690	\$43,075

Credit Carried Forward						
	Basis of Taxation	Number of Taxpayers	Amount of Credit Carried Forward	% of Credit Carried Forward	Median Credit Carried Forward	Mean Credit Carried Forward
	Entire Net Income	34	\$18,645,793	1.22	\$59,845	\$548,406
	Fixed Dollar Minimum Tax	1,212	465,563,572	30.51	20,207	384,128
	Capital Base	22	25,059,619	1.64	75,156	1,139,074
	Alternative Minimum Tax	1,416	1,016,839,140	66.63	32,848	718,107
	Total	2,684	\$1,526,108,124	100.00	\$27,033	\$568,595

Table 4: Profile of New York State Investment Tax Credit by Major Industry Group - 1998 Liability Year

Credit Earned

Major Industry Group	Number of Taxpayers	Amount of Credit Earned	% of Credit Earned	Median Credit Earned	Mean Credit Earned
Unidentifiable	15	\$88,160	0.04	\$1,888	\$5,877
Agriculture	199	1,454,466	0.70	2,722	7,309
Mining	29	1,334,227	0.64	17,250	46,008
Construction	43	1,503,018	0.72	3,470	34,954
Manufacturing	1,716	178,123,043	85.27	7,095	103,801
Trans., Comm., Pub.					
Utilities Services	78	9,933,102	4.76	7,124	127,347
Wholesale Trade	134	3,638,524	1.74	5,089	27,153
Retail Trade	49	1,467,953	0.70	2,863	29,958
Finance, Insurance and Real Estate	68	7,017,531	3.36	17,775	103,199
Services	143	4,337,289	2.08	3,394	30,331
Total	2,474	\$208,897,313	100.00	\$5,971	\$84,437

Credit Claimed

Major Industry Group	Number of Taxpayers	Amount of Credit Claimed	% of Credit Claimed	Median Credit Claimed	Mean Credit Claimed
Unidentifiable	25	\$1,036,467	0.06	\$6,412	\$41,459
Agriculture	259	11,852,900	0.72	17,294	45,764
Mining	43	10,918,045	0.66	54,401	253,908
Construction	71	15,053,990	0.91	7,490	212,028
Manufacturing	2,309	1,446,764,035	87.39	26,688	626,576
Trans., Comm., Pub.					
Utilities Services	105	58,774,730	3.55	31,024	559,759
Wholesale Trade	199	18,603,833	1.12	13,594	93,487
Retail Trade	70	6,217,922	0.38	6,561	88,827
Finance, Insurance and Real Estate	90	63,947,829	3.86	40,641	710,531
Services	218	22,381,042	1.35	8,985	102,665
Total	3,389	\$1,655,550,793	100.00	\$21,905	\$488,507

Table 4: Profile of New York State Investment Tax Credit by Major Industry Group - 1998 Liability Year (Con't)

Credit Used

Major Industry Group	Number of Taxpayers	Amount of Credit Used	% of Credit Used	Median Credit Used	Mean Credit Used
Unidentifiable	12	\$10,978	0.01	\$1,132	\$915
Agriculture	196	541,136	0.45	1,008	2,761
Mining	36	1,665,508	1.39	5,853	46,264
Construction	55	698,651	0.58	1,564	12,703
Manufacturing	1,912	84,295,546	70.55	3,121	44,088
Trans., Comm., Pub.					
Utilities Services	89	17,452,934	14.61	6,248	196,100
Wholesale Trade	176	3,371,867	2.82	2,012	19,158
Retail Trade	57	1,285,944	1.08	1,428	22,560
Finance, Insurance and Real Estate	79	7,765,704	6.50	7,088	98,300
Services	162	2,402,448	2.01	2,119	14,830
Total	2,774	\$119,490,716	100.00	\$2,690	\$43,075

Credit Carried Forward

Major Industry Group	Number of Taxpayers	Amount of Credit Carried Forward	% of Credit Carried Forward	Median Credit Carried Forward	Mean Credit Carried Forward
Unidentifiable	23	\$1,021,235	0.07	\$10,145	\$44,402
Agriculture	235	11,300,234	0.74	20,009	48,086
Mining	36	9,234,390	0.61	59,052	256,511
Construction	54	14,354,220	0.94	9,158	265,819
Manufacturing	1,839	1,353,654,478	88.70	31,898	736,082
Trans., Comm., Pub.					
Utilities Services	70	41,321,796	2.71	63,550	590,311
Wholesale Trade	148	15,227,920	1.00	17,652	102,891
Retail Trade	54	4,928,139	0.32	5,530	91,262
Finance, Insurance and Real Estate	56	55,254,618	3.62	105,779	986,690
Services	169	19,811,094	1.30	11,534	117,225
Total	2,684	\$1,526,108,124	100.00	\$27,033	\$568,595

Table 5: Profile of New York State Investment Tax Credit by Size of Entire Net Income - 1998 Liability Year

Credit Earned

Size of Entire Net Income	Number of Taxpayers	Amount of Credit Earned	% of Credit Earned	Median Credit Earned	Mean Credit Earned
Zero or Net Loss	726	\$69,322,270	33.18	\$6,216	\$95,485
\$ 1 - \$ 99,999	762	6,338,448	3.03	2,477	8,318
100,000 - 499,999	374	5,698,414	2.73	5,138	15,236
500,000 - 999,999	131	4,156,791	1.99	11,088	31,731
1,000,000 - 24,999,999	379	35,504,866	17.00	30,886	93,680
25,000,000 - 49,999,999	28	7,310,489	3.50	120,245	261,089
50,000,000 - 99,999,999	30	5,233,596	2.51	67,454	174,453
100,000,000 - 499,999,999	32	24,442,759	11.70	144,559	763,836
500,000,000 - and over	12	50,889,680	24.36	854,498	4,240,807
Total	2,474	\$208,897,313	100.00	\$5,971	\$84,437

Credit Claimed

Size of Entire Net Income	Number of Taxpayers	Amount of Credit Claimed	% of Credit Claimed	Median Credit Claimed	Mean Credit Claimed
Zero or Net Loss	1,094	\$522,710,774	31.57	\$29,162	\$477,798
\$ 1 - \$ 99,999	1,146	51,637,731	3.12	10,340	45,059
100,000 - 499,999	451	36,975,541	2.23	25,650	81,986
500,000 - 999,999	150	25,228,024	1.52	40,315	168,187
1,000,000 - 24,999,999	432	217,459,734	13.14	82,806	503,379
25,000,000 - 49,999,999	33	21,410,759	1.29	142,204	648,811
50,000,000 - 99,999,999	34	26,577,245	1.61	150,338	781,684
100,000,000 - 499,999,999	37	101,051,587	6.10	168,871	2,731,124
500,000,000 - and over	12	652,499,398	39.41	3,653,555	54,374,950
Total	3,389	\$1,655,550,793	100.00	\$21,905	\$488,507

Table 5: Profile of New York State Investment Tax Credit by Size of Entire Net Income - 1998 Liability Year (Con't)

Credit Used

Size of Entire Net Income	Number of Taxpayers	Amount of Credit Used	% of Credit Used	Median Credit Used	Mean Credit Used
Zero or Net Loss	712	\$8,428,573	7.05	\$1,215	\$11,838
\$ 1 - \$ 99,999	944	1,787,147	1.50	1,160	1,893
100,000 - 499,999	435	3,025,168	2.53	5,555	6,954
500,000 - 999,999	146	2,316,396	1.94	15,914	15,866
1,000,000 - 24,999,999	426	27,017,185	22.61	37,045	63,421
25,000,000 - 49,999,999	32	4,802,324	4.02	79,805	150,073
50,000,000 - 99,999,999	31	5,568,196	4.66	101,600	179,619
100,000,000 - 499,999,999	36	24,646,316	20.63	158,798	684,620
500,000,000 - and over	12	41,899,411	35.07	1,608,729	3,491,618
Total	2,774	\$119,490,716	100.00	\$2,690	\$43,075

Credit Carried Forward

Size of Entire Net Income	Number of Taxpayers	Amount of Credit Carried Forward	% of Credit Carried Forward	Median Credit Carried Forward	Mean Credit Carried Forward
Zero or Net Loss	996	\$508,884,819	33.35	\$32,062	\$510,929
\$ 1 - \$ 99,999	992	49,078,929	3.22	12,161	49,475
100,000 - 499,999	334	33,748,110	2.21	35,906	101,042
500,000 - 999,999	88	22,715,533	1.49	106,520	258,131
1,000,000 - 24,999,999	230	187,330,675	12.28	245,169	814,481
25,000,000 - 49,999,999	14	16,396,010	1.07	570,288	1,171,144
50,000,000 - 99,999,999	14	20,948,790	1.37	659,266	1,496,342
100,000,000 - 499,999,999	11	76,405,271	5.01	4,244,225	6,945,934
500,000,000 - and over	5	610,599,987	40.01	16,842,655	122,119,997
Total	2,684	\$1,526,108,124	100.00	\$27,033	\$568,595

Table 6: Profile of New York State Investment Tax Credit by Size of Credit Used - 1998 Liability Year

Credit Earned

Size of Credit Used	Number of Taxpayers	Amount of Credit Earned	% of Credit Earned	Median Credit Earned	Mean Credit Earned
Negative*	d/	d/	d/	d/	d/
Zero	358	\$27,694,358	13.26	\$3,913	\$77,359
\$ 1 - \$ 499	308	2,508,356	1.20	1,135	8,144
500 - 999	d/	d/	d/	d/	d/
1,000 - 4,999	701	8,195,173	3.92	3,470	11,691
5,000 - 9,999	245	7,098,825	3.40	7,942	28,975
10,000 - 24,999	242	12,232,378	5.86	17,954	50,547
25,000 - 49,999	155	16,531,733	7.91	39,124	106,656
50,000 - 99,999	101	22,025,086	10.54	63,459	218,070
100,000 - 499,999	124	34,707,871	16.61	152,099	279,902
500,000 - and over	23	76,615,039	36.68	755,170	3,331,089
Total	2,474	\$208,897,313	100.00	\$5,971	\$84,437

Credit Claimed

Size of Credit Used	Number of Taxpayers	Amount of Credit Claimed	% of Credit Claimed	Median Credit Claimed	Mean Credit Claimed
Negative*	11	(\$1,035,951)	(0.06)	(\$3,901)	(\$94,177)
Zero	615	252,414,126	15.25	14,092	410,429
\$ 1 - \$ 499	496	24,107,968	1.46	6,224	48,605
500 - 999	305	12,092,484	0.73	5,514	39,647
1,000 - 4,999	917	53,148,996	3.21	14,850	57,960
5,000 - 9,999	289	44,523,499	2.69	28,381	154,061
10,000 - 24,999	285	86,733,458	5.24	60,708	304,328
25,000 - 49,999	188	107,061,573	6.47	122,964	569,476
50,000 - 99,999	115	87,830,177	5.31	153,371	763,741
100,000 - 499,999	141	225,614,258	13.63	507,973	1,600,101
500,000 - and over	27	763,060,205	46.09	5,373,833	28,261,489
Total	3,389	\$1,655,550,793	100.00	\$21,905	\$488,507

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

Table 6: Profile of New York State Investment Tax Credit by Size of Credit Used - 1998 Liability Year (Con't)

Credit Used

Size of Credit Used	Number of Taxpayers	Amount of Credit Used	% of Credit Used	Median Credit Used	Mean Credit Used
Negative*	11	(\$1,035,951)	(0.87)	(\$3,901)	(\$94,177)
Zero	0	0	0.00	0	0
\$ 1 - \$ 499	496	110,025	0.09	219	222
500 - 999	305	219,139	0.18	708	718
1,000 - 4,999	917	2,255,935	1.89	2,210	2,460
5,000 - 9,999	289	2,013,943	1.69	6,614	6,969
10,000 - 24,999	285	4,621,331	3.87	15,839	16,215
25,000 - 49,999	188	6,594,605	5.52	34,371	35,078
50,000 - 99,999	115	8,172,036	6.84	67,963	71,061
100,000 - 499,999	141	27,982,176	23.42	157,816	198,455
500,000 - and over	27	68,557,477	57.37	1,192,734	2,539,166
Total	2,774	\$119,490,716	100.00	\$2,690	\$43,075

Credit Carried Forward

Size of Credit Used	Number of Taxpayers	Amount of Credit Carried Forward	% of Credit Carried Forward	Median Credit Carried Forward	Mean Credit Carried Forward
Negative*	0	\$0	0.00	\$0	\$0
Zero	595	249,262,604	16.33	14,121	418,929
\$ 1 - \$ 499	398	23,976,396	1.57	11,510	60,242
500 - 999	235	11,807,601	0.77	10,920	50,245
1,000 - 4,999	718	49,799,380	3.26	22,788	69,358
5,000 - 9,999	208	41,925,673	2.75	50,687	201,566
10,000 - 24,999	203	81,451,586	5.34	94,761	401,239
25,000 - 49,999	129	99,476,491	6.52	210,834	771,136
50,000 - 99,999	82	77,244,492	5.06	220,379	942,006
100,000 - 499,999	100	197,632,083	12.95	630,344	1,976,321
500,000 - and over	16	693,531,818	45.44	7,119,834	43,345,739
Total	2,684	\$1,526,108,124	100.00	\$27,033	\$568,595

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

Table 7: 1998 Investment Tax Credit for Financial Services\*

Credit Earned	Number of Taxpayers	Amount of Credit Earned	% of Credit Earned	Median Credit Earned	Mean Credit Earned
Entire Net Income	17	\$3,791,739	3.51	\$35,248	\$223,043
Fixed Dollar Minimum Tax	d/	d/	d/	d/	d/
Capital Base	d/	d/	d/	d/	d/
Alternative Minimum Tax	d/	d/	d/	d/	d/
Total	24	\$108,078,134	100.00	\$38,291	\$4,503,256

Credit Used	Number of Taxpayers	Amount of Credit Used	% of Credit Used	Median Credit Used	Mean Credit Used
Entire Net Income	17	\$3,791,739	59.8	\$35,248	\$223,043
Fixed Dollar Minimum Tax	d/	d/	d/	d/	d/
Capital Base	--	--	--	--	--
Alternative Minimum Tax	d/	d/	d/	d/	d/
Total	22	\$6,340,440	100.00	\$38,291	\$288,202

Credit Carried Forward	Number of Taxpayers	Amount of Credit Carried Forward	% of Credit Carried Forward	Median Credit Carried Forward	Mean Credit Carried Forward
Entire Net Income	--	--	--	--	--
Fixed Dollar Minimum Tax	d/	d/	d/	d/	d/
Capital Base	d/	d/	d/	d/	d/
Alternative Minimum Tax	d/	d/	d/	d/	d/
Total	5	\$101,935,742	100.00	\$471,613	\$20,387,148

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

Table 8: Profile of New York State Special Additional Mortgage Recording Credit by Basis of Taxation - 1998 Liability Year

Credit Earned

Basis of Taxation	Number of Taxpayers	Amount of Credit Earned	% of Credit Earned	Median Credit Earned	Mean Credit Earned
Entire Net Income	3	\$41,040	5.18	d/	\$13,680
Fixed Dollar Minimum Tax	28	329,889	41.67	\$1,254	11,782
Capital Base	69	129,160	16.32	750	1,872
Alternative Minimum Tax	9	291,492	36.82	11,358	32,388
Total	109	\$791,581	100.00	\$1,223	\$7,262

Credit Claimed

Basis of Taxation	Number of Taxpayers	Amount of Credit Claimed	% of Credit Claimed	Median Credit Claimed	Mean Credit Claimed
Entire Net Income	5	\$45,735	1.91	\$4,262	\$9,147
Fixed Dollar Minimum Tax	52	1,016,229	42.38	1,797	19,543
Capital Base	73	129,917	5.42	625	1,780
Alternative Minimum Tax	17	1,206,004	50.29	10,233	70,941
Total	147	\$2,397,885	100.00	\$1,248	\$16,312

Credit Used

Basis of Taxation	Number of Taxpayers	Amount of Credit Used	% of Credit Used	Median Credit Used	Mean Credit Used
Entire Net Income	5	\$45,735	6.86	\$4,262	\$9,147
Fixed Dollar Minimum Tax	46	241,586	36.24	441	5,252
Capital Base	73	129,405	19.41	625	1,773
Alternative Minimum Tax	12	249,974	37.49	4,438	20,831
Total	136	\$666,700	100.00	\$727	\$4,902

Credit Carried Forward

Basis of Taxation	Number of Taxpayers	Amount of Credit Carried Forward	% of Credit Carried Forward	Median Credit Carried Forward	Mean Credit Carried Forward
Entire Net Income	d/	d/	d/	d/	d/
Fixed Dollar Minimum Tax	50	\$774,643	44.75	\$1,131	\$15,493
Capital Base	d/	d/	d/	d/	d/
Alternative Minimum Tax	14	956,030	55.22	7,108	68,288
Total	65	\$1,731,185	100.00	\$1,600	\$26,634

Table 9: Profile of New York State Alternative Minimum Tax Credit by Major Industry Group - 1998 Liability Year

Credit Earned

Major Industry Group	Number of Taxpayers	Amount of Credit Earned	% of Credit Earned	Median Credit Earned	Mean Credit Earned
Unidentifiable	94	\$25,755	0.28	\$152	\$274
Agriculture	16	41,208	0.45	312	2,576
Mining	10	19,440	0.21	515	1,944
Construction	347	602,904	6.57	418	1,737
Manufacturing	385	1,079,508	11.76	660	2,804
Trans., Comm., Pub.					
Utilities Services	269	1,418,488	15.45	502	5,273
Wholesale Trade	387	876,553	9.55	357	2,265
Retail Trade	370	307,155	3.34	265	830
Finance, Insurance and Real Estate	648	2,630,800	28.65	515	4,060
Services	869	2,181,239	23.75	259	2,510
Total	3,395	\$9,183,050	100.00	\$351	\$2,705

Credit Claimed

Major Industry Group	Number of Taxpayers	Amount of Credit Claimed	% of Credit Claimed	Median Credit Claimed	Mean Credit Claimed
Unidentifiable	74	\$86,913	0.11	\$640	\$1,175
Agriculture	40	176,939	0.22	803	4,423
Mining	8	213,897	0.27	11,287	26,737
Construction	328	1,639,537	2.07	1,338	4,999
Manufacturing	435	46,217,099	58.26	1,853	106,246
Trans., Comm., Pub.					
Utilities Services	159	8,782,792	11.07	1,025	55,238
Wholesale Trade	246	1,130,267	1.42	854	4,595
Retail Trade	257	11,504,111	14.50	804	44,763
Finance, Insurance and Real Estate	378	6,974,860	8.79	1,155	18,452
Services	693	2,597,266	3.27	584	3,748
Total	2,618	\$79,323,681	100.00	\$912	\$30,299

Table 9: Profile of New York State Alternative Minimum Tax Credit by Major Industry Group - 1998 Liability Year (Con't)

Credit Used	Major Industry Group	Number of Taxpayers	Amount of Credit Used	% of Credit Used	Median Credit Used	Mean Credit Used
	Unidentifiable	d/	d/	d/	d/	d/
	Agriculture	10	\$8,523	0.07	\$93	\$852
	Mining	d/	d/	d/	d/	d/
	Construction	135	417,583	3.27	1,174	3,093
	Manufacturing	92	2,307,821	18.04	659	25,085
	Trans., Comm., Pub.					
	Utilities Services	54	6,594,634	51.56	1,111	122,123
	Wholesale Trade	75	126,560	0.99	504	1,687
	Retail Trade	86	1,998,034	15.62	650	23,233
	Finance, Insurance and Real Estate	135	808,018	6.32	633	5,985
	Services	222	524,776	4.10	246	2,364
	Total	816	\$12,789,308	100.00	\$541	\$15,673

Credit Carried Forward	Major Industry Group	Number of Taxpayers	Amount of Credit Carried Forward	% of Credit Carried Forward	Median Credit Carried Forward	Mean Credit Carried Forward
	Unidentifiable	71	\$83,854	0.13	\$610	\$1,181
	Agriculture	35	168,416	0.25	848	4,812
	Mining	7	213,597	0.32	11,612	30,514
	Construction	262	1,221,954	1.84	1,238	4,664
	Manufacturing	381	43,909,278	65.99	2,136	115,247
	Trans., Comm., Pub.					
	Utilities Services	127	2,188,158	3.29	952	17,230
	Wholesale Trade	206	1,003,707	1.51	925	4,872
	Retail Trade	215	9,506,077	14.29	789	44,214
	Finance, Insurance and Real Estate	307	6,166,842	9.27	1,241	20,087
	Services	573	2,072,490	3.11	603	3,617
	Total	2,184	\$66,534,373	100.00	\$930	\$30,464

Table 10: Profile of New York State Alternative Minimum Tax Credit by Size of Entire Net Income - 1998 Liability Year

Credit Earned

Size of Entire Net Income	Number of Taxpayers	Amount of Credit Earned	% of Credit Earned	Median Credit Earned	Mean Credit Earned
Zero or Net Loss	992	\$3,933,286	42.83	\$506	\$3,965
\$ 1 - \$ 99,999	2,242	2,113,520	23.02	280	943
100,000 - 499,999	84	626,367	6.82	1,792	7,457
500,000 - 999,999	19	186,356	2.03	1,763	9,808
1,000,000 - 24,999,999	49	1,155,814	12.59	5,965	23,588
25,000,000 - 49,999,999	d/	d/	d/	d/	d/
50,000,000 - 99,999,999	d/	d/	d/	d/	d/
100,000,000 - 499,999,999	4	1,135,862	12.37	263,649	283,966
500,000,000 - and over	0	0	0.00	0	0
Total	3,395	\$9,183,050	100.00	\$351	\$2,705

Credit Claimed

Size of Entire Net Income	Number of Taxpayers	Amount of Credit Claimed	% of Credit Claimed	Median Credit Claimed	Mean Credit Claimed
Zero or Net Loss	884	\$47,754,475	60.20	\$850	\$54,021
\$ 1 - \$ 99,999	1,344	3,327,905	4.20	721	2,476
100,000 - 499,999	193	1,465,953	1.85	2,271	7,596
500,000 - 999,999	d/	d/	d/	d/	d/
1,000,000 - 24,999,999	127	8,660,663	10.92	16,531	68,194
25,000,000 - 49,999,999	12	520,101	0.66	24,112	43,342
50,000,000 - 99,999,999	9	2,288,781	2.89	20,680	254,309
100,000,000 - 499,999,999	6	7,199,850	9.08	224,049	1,199,975
500,000,000 - and over	d/	d/	d/	d/	d/
Total	2,618	\$79,323,681	100.00	\$912	\$30,299

Table 10: Profile of New York State Alternative Minimum Tax Credit by Size of Entire Net Income - 1998 Liability Year (Con't)

Credit Used

Size of Entire Net Income	Number of Taxpayers	Amount of Credit Used	% of Credit Used	Median Credit Used	Mean Credit Used
Zero or Net Loss	0	\$0	0.00	\$0	\$0
\$ 1 - \$ 99,999	556	356,878	2.79	356	642
100,000 - 499,999	133	389,798	3.05	1,354	2,931
500,000 - 999,999	28	150,868	1.18	2,674	5,388
1,000,000 - 24,999,999	75	2,079,130	16.26	6,457	27,722
25,000,000 - 49,999,999	11	266,348	2.08	14,018	24,213
50,000,000 - 99,999,999	8	1,662,441	13.00	80,465	207,805
100,000,000 - 499,999,999	d/	d/	d/	d/	d/
500,000,000 - and over	d/	d/	d/	d/	d/
Total	816	\$12,789,308	100.00	\$541	\$15,673

Credit Carried Forward

Size of Entire Net Income	Number of Taxpayers	Amount of Credit Carried Forward	% of Credit Carried Forward	Median Credit Carried Forward	Mean Credit Carried Forward
Zero or Net Loss	884	\$47,754,475	71.77	\$850	\$54,021
\$ 1 - \$ 99,999	1,068	2,971,027	4.47	782	2,782
100,000 - 499,999	107	1,076,155	1.62	3,412	10,058
500,000 - 999,999	26	338,060	0.51	5,690	13,002
1,000,000 - 24,999,999	84	6,581,533	9.89	24,504	78,352
25,000,000 - 49,999,999	6	253,753	0.38	34,868	42,292
50,000,000 - 99,999,999	4	626,340	0.94	152,880	156,585
100,000,000 - 499,999,999	d/	d/	d/	d/	d/
500,000,000 - and over	d/	d/	d/	d/	d/
Total	2,184	\$66,534,373	100.00	\$930	\$30,464

Table 11: Profile of New York State Alternative Minimum Tax Credit by Size of Credit Used - 1998 Liability Year

Credit Earned	Size of Credit Used	Number of Taxpayers	Amount of Credit Earned	% of Credit Earned	Median Credit Earned	Mean Credit Earned
	Zero	3,395	\$9,183,050	100.00	\$351	\$2,705

Credit Claimed	Size of Credit Used	Number of Taxpayers	Amount of Credit Claimed	% of Credit Claimed	Median Credit Claimed	Mean Credit Claimed
	Negative	0	\$0	0.00	\$0	\$0
	Zero	2,465	68,029,217	85.76	852	27,598
	\$ 1 - \$ 499	67	114,779	0.14	793	1,713
	500 - 999	19	89,836	0.11	3,092	4,728
	1,000 - 4,999	36	399,880	0.50	8,513	11,108
	5,000 - 9,999	9	363,525	0.46	17,507	40,392
	10,000 - 24,999	8	439,339	0.55	45,369	54,917
	25,000 - 49,999	7	978,907	1.23	103,933	139,844
	50,000 - 99,999	d/	d/	d/	d/	d/
	100,000 - 499,999	4	2,070,155	2.61	475,691	517,539
	500,000 - and over	d/	d/	d/	d/	d/
	Total	2,618	\$79,323,681	100.00	\$912	\$30,299

Table 11: Profile of New York State Alternative Minimum Tax Credit by Size of Credit Used - 1998 Liability Year (Con't)

Credit Used

Size of Credit Used	Number of Taxpayers	Amount of Credit Used	% of Credit Used	Median Credit Used	Mean Credit Used
Negative	0	\$0	0.00	\$0	\$0
Zero	663	9,141,709	71.48	494	13,788
\$ 1 - \$ 499	67	26,285	0.21	240	392
500 - 999	19	28,233	0.22	773	1,486
1,000 - 4,999	36	131,505	1.03	2,438	3,653
5,000 - 9,999	9	236,508	1.85	7,088	26,279
10,000 - 24,999	8	137,947	1.08	15,785	17,243
25,000 - 49,999	7	369,155	2.89	37,913	52,736
50,000 - 99,999	d/	d/	d/	d/	d/
100,000 - 499,999	4	779,272	6.09	160,890	194,818
500,000 - and over	d/	d/	d/	d/	d/
Total	816	\$12,789,308	100.00	\$541	\$15,673

Credit Carried Forward

Size of Credit Used	Number of Taxpayers	Amount of Credit Carried Forward	% of Credit Carried Forward	Median Credit Carried Forward	Mean Credit Carried Forward
Negative	0	\$0	0.00	\$0	\$0
Zero	2,046	58,887,508	88.51	897	28,782
\$ 1 - \$ 499	63	88,494	0.13	516	1,405
500 - 999	18	61,603	0.09	2,641	3,422
1,000 - 4,999	33	268,375	0.40	6,842	8,133
5,000 - 9,999	7	127,017	0.19	14,223	18,145
10,000 - 24,999	6	301,392	0.45	48,234	50,232
25,000 - 49,999	6	609,752	0.92	87,189	101,625
50,000 - 99,999	d/	d/	d/	d/	d/
100,000 - 499,999	3	1,290,883	1.94	d/	430,294
500,000 - and over	d/	d/	d/	d/	d/
Total	2,184	\$66,534,373	100.00	\$930	\$30,464

Table 12: Profile of New York State Empire Zone Wage Credit by Basis of Taxation - 1998 Liability Year

Credit Earned						
	Basis of Taxation	Number of Taxpayers	Amount of Credit Earned	% of Credit Earned	Median Credit Earned	Mean Credit Earned
	Entire Net Income	49	\$1,485,511	24.04	\$8,438	\$30,317
	Fixed Dollar Minimum Tax	40	948,159	15.34	12,465	23,704
	Capital Base	11	168,119	2.72	5,250	15,284
	Alternative Minimum Tax	67	3,578,096	57.90	28,500	53,404
	Total	167	\$6,179,885	100.00	\$13,500	\$37,005

Credit Claimed						
	Basis of Taxation	Number of Taxpayers	Amount of Credit Claimed	% of Credit Claimed	Median Credit Claimed	Mean Credit Claimed
	Entire Net Income	53	\$1,999,904	17.78	\$12,446	\$37,734
	Fixed Dollar Minimum Tax	43	1,771,464	15.75	16,500	41,197
	Capital Base	12	240,195	2.14	11,951	20,016
	Alternative Minimum Tax	78	7,235,695	64.33	37,624	92,765
	Total	186	\$11,247,258	100.00	\$19,617	\$60,469

Credit Used						
	Basis of Taxation	Number of Taxpayers	Amount of Credit Used	% of Credit Used	Median Credit Used	Mean Credit Used
	Entire Net Income	53	\$1,167,061	49.57	\$3,824	\$22,020
	Fixed Dollar Minimum Tax	20	76,699	3.26	812	3,835
	Capital Base	12	24,162	1.03	723	2,014
	Alternative Minimum Tax	67	1,086,223	46.14	4,933	16,212
	Total	152	\$2,354,145	100.00	\$2,487	\$15,488

Credit Carried Forward						
	Basis of Taxation	Number of Taxpayers	Amount of Credit Carried Forward	% of Credit Carried Forward	Median Credit Carried Forward	Mean Credit Carried Forward
	Entire Net Income	37	\$775,098	11.00	\$10,161	\$20,949
	Fixed Dollar Minimum Tax	40	1,484,490	21.07	16,125	37,112
	Capital Base	8	178,655	2.54	13,526	22,332
	Alternative Minimum Tax	63	4,607,771	65.40	37,002	73,139
	Total	148	\$7,046,014	100.00	\$19,408	\$47,608

Table 13: 1998 Empire Zone Capital Corp Credit

Credit Earned						
	Basis of Taxation	Number of Taxpayers	Amount of Credit Earned	% of Credit Earned	Median Credit Earned	Mean Credit Earned
	Entire Net Income	5	\$87,197	88.64	\$2,750	\$17,439
	Fixed Dollar Minimum Tax	d/	d/	d/	d/	d/
	Capital Base	d/	d/	d/	d/	d/
	Alternative Minimum Tax	d/	d/	d/	d/	d/
	Total	9	\$98,376	100.00	\$500	\$10,931

Credit Claimed						
	Basis of Taxation	Number of Taxpayers	Amount of Credit Claimed	% of Credit Claimed	Median Credit Claimed	Mean Credit Claimed
	Entire Net Income	5	\$87,197	2.07	\$2,750	\$17,439
	Fixed Dollar Minimum Tax	d/	d/	d/	d/	d/
	Capital Base	d/	d/	d/	d/	d/
	Alternative Minimum Tax	6	4,102,920	97.54	261,407	683,820
	Total	13	\$4,206,289	100.00	\$16,153	\$323,561

Credit Used						
	Basis of Taxation	Number of Taxpayers	Amount of Credit Used	% of Credit Used	Median Credit Used	Mean Credit Used
	Entire Net Income	5	\$43,469	5.46	\$2,750	\$8,694
	Fixed Dollar Minimum Tax	d/	d/	d/	d/	d/
	Capital Base	d/	d/	d/	d/	d/
	Alternative Minimum Tax	6	751,943	94.39	32,151	125,324
	Total	15	\$796,640	100.00	\$879	\$53,109

Credit Carried Forward						
	Basis of Taxation	Number of Taxpayers	Amount of Credit Carried Forward	% of Credit Carried Forward	Median Credit Carried Forward	Mean Credit Carried Forward
	Entire Net Income	d/	d/	d/	d/	d/
	Fixed Dollar Minimum Tax	d/	d/	d/	d/	d/
	Capital Base	d/	d/	d/	d/	d/
	Alternative Minimum Tax	5	\$3,350,977	98.05	\$271,829	\$670,195
	Total	8	\$3,417,784	100.00	\$36,052	\$427,223

Table 14: Profile of New York State Empire Zone Investment Credit by Basis of Taxation - 1998 Liability Year

Credit Earned						
	Basis of Taxation	Number of Taxpayers	Amount of Credit Earned	% of Credit Earned	Median Credit Earned	Mean Credit Earned
	Entire Net Income	d/	d/	d/	d/	d/
	Fixed Dollar Minimum Tax	38	\$9,932,745	28.20	\$16,714	\$261,388
	Capital Base	d/	d/	d/	d/	d/
	Alternative Minimum Tax	86	22,206,361	63.05	19,253	258,214
	Total	147	\$35,219,928	100.00	\$17,740	\$239,591

Credit Claimed						
	Basis of Taxation	Number of Taxpayers	Amount of Credit Claimed	% of Credit Claimed	Median Credit Claimed	Mean Credit Claimed
	Entire Net Income	d/	d/	d/	d/	d/
	Fixed Dollar Minimum Tax	49	\$23,392,262	29.13	\$47,660	\$477,393
	Capital Base	d/	d/	d/	d/	d/
	Alternative Minimum Tax	96	45,237,387	56.34	55,443	471,223
	Total	171	\$80,300,231	100.00	\$47,660	\$469,592

Credit Used						
	Basis of Taxation	Number of Taxpayers	Amount of Credit Used	% of Credit Used	Median Credit Used	Mean Credit Used
	Entire Net Income	24	\$1,943,673	7.12	\$13,911	\$80,986
	Fixed Dollar Minimum Tax	d/	d/	d/	d/	d/
	Capital Base	d/	d/	d/	d/	d/
	Alternative Minimum Tax	63	25,228,190	92.39	5,235	400,447
	Total	108	\$27,304,947	100.00	\$4,964	\$252,824

Credit Carried Forward						
	Basis of Taxation	Number of Taxpayers	Amount of Credit Carried Forward	% of Credit Carried Forward	Median Credit Carried Forward	Mean Credit Carried Forward
	Entire Net Income	d/	d/	d/	d/	d/
	Fixed Dollar Minimum Tax	48	\$21,944,372	42.70	\$42,892	\$457,174
	Capital Base	d/	d/	d/	d/	d/
	Alternative Minimum Tax	93	19,739,670	38.41	47,783	212,255
	Total	146	\$51,397,556	100.00	\$47,763	\$352,038

Table 15: 1998 Disabilities Credit\*

Credit Earned

Basis of Taxation	Number of Taxpayers	Amount of Credit Earned	% of Credit Earned	Median Credit Earned	Mean Credit Earned
Entire Net Income	5	\$8,071	15.97	\$1,709	\$1,614
Fixed Dollar Minimum Tax	d/	d/	d/	d/	d/
Capital Base	d/	d/	d/	d/	d/
Alternative Minimum Tax	6	36,840	72.91	6,575	6,140
Total	15	\$50,528	100.00	\$2,100	\$3,369

Credit Used

Basis of Taxation	Number of Taxpayers	Amount of Credit Used	% of Credit Used	Median Credit Used	Mean Credit Used
Entire Net Income	4	\$7,433	32.91	\$1,905	\$1,858
Fixed Dollar Minimum Tax	d/	d/	d/	d/	d/
Capital Base	d/	d/	d/	d/	d/
Alternative Minimum Tax	5	14,061	62.26	2,543	2,812
Total	12	\$22,584	100.00	\$1,913	\$1,882

Credit Carried Forward

Basis of Taxation	Number of Taxpayers	Amount of Credit Carried Forward	% of Credit Carried Forward	Median Credit Carried Forward	Mean Credit Carried Forward
Entire Net Income	d/	d/	d/	d/	d/
Fixed Dollar Minimum Tax	d/	d/	d/	d/	d/
Capital Base	d/	d/	d/	d/	d/
Alternative Minimum Tax	4	\$22,779	81.52	\$5,303	\$5,695
Total	8	\$27,944	100.00	\$2,612	\$3,493

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



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# Appendix A: Credit Provisions Effective for Tax Years Beginning Prior to January 1, 1999

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## Investment Tax Credit

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

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

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

Investment Tax Credit –  
History of Tax Rates

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

In addition, taxpayers who met certain employment tests could qualify for the employment incentive credit (EIC). Prior to 1987, this credit equaled one-half of the investment credit, and was available for up to three years. However, employment in such years must have equaled at least 101 percent of the employment in the year immediately before the ITC was first claimed.<sup>1</sup>

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

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

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

### Credit for Research and Development Property Under the ITC

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

### ITC for Financial Services

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

### Special Additional Mortgage Recording Tax Credit

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

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is located in Erie County or one or more of the counties comprising the Metropolitan Commuter Transportation District.<sup>2</sup>

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

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Job Incentive  
(Eligible Business  
Facility) Credit

Enacted in 1968, the job incentive credit applied to manufacturing and wholesaling firms. To claim the credit, the firm must have located, expanded or improved their facilities in core areas of the State's six largest cities. They must also have provided employment and training to residents of these areas. Subsequent legislation expanded the program to cover all of New York State. Legislation enacted in 1983 terminated the program. However, applications approved before July 1, 1983 continued in effect. This credit sunsets for tax years beginning on or after January 1, 2000.

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

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Empire Zone Tax  
Credits/Zone  
Equivalent Wage Tax  
Credit

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

In 1993 and 1994, New York State expanded and modified the EZ program, effective for tax years beginning on or after January 1, 1994. In 1993, the changes included simplifying the wage tax credit and the capital corporation credit. The computation of the wage tax credit was changed from a complex percentage of wages method to a flat dollar amount per newly hired employee. This change and the expansion of the capital corporation credit were intended to increase participation in the program.

In 1994, the program was expanded to also provide a wage tax credit for businesses that increased employment in areas eligible for EZ designation. These areas are called zone equivalent areas (ZEAs).

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In 2000, the “Empire Zones Program Act” modified the EDZ program again to change the designation of “economic development zones” to “Empire Zones,” and established several new credits. Businesses that become certified as Qualified Empire Zone Enterprises can receive a tax reduction credit and a credit against property taxes paid in addition to the other Empire Zone credits.

EZ Wage Credit/ZEA  
Wage Credit

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

The credit equals 25 percent of targeted eligible wages for the first tax year, declining by 5 percent per year for each of the following five years. The corresponding credit for non-targeted employees equals one-half of these amounts. The total credit cannot exceed 50 percent of pre-credit tax liability.

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

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

For tax years beginning on or after January 1, 1994, a similar credit is provided for eligible businesses located in ZEAs. Taxpayers employing individuals in ZEAs may claim a two-year wage tax credit for EZ wages paid to full-time employees in a ZEA. In year one, the credit equals \$1,000 multiplied by the average number of newly hired targeted employees and \$500 multiplied by the average number of newly hired

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nontargeted employees. In year two, the credit decreases to \$500 per targeted employee and \$250 per nontargeted employee. Beginning on or after January 1, 2001, the credits are available for five years and the amounts are \$3,000 for each targeted employee and \$1,500 for each nontargeted employee. The credit amounts remain the same throughout the five years.

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

#### EZ Investment Tax Credit

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

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

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

#### EZ Capital Corporation Tax Credit

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

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For tax years beginning on or after January 1, 1994, the law was amended to allow the EZ capital credit for investments in capital corporations, direct equity investments in certified zone businesses, and contributions to community development projects. The new credit equals 25 percent of the sum of each type of investment. The lifetime maximum credit per taxpayer equals \$300,000.

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## Alternative Minimum Tax Credit

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

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

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

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beginning with the 1994 tax year. The taxpayer will have available the remainder of any unused credit for tax years after 1999.

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## Fixed Dollar Minimum Tax

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

Gross Payroll Amount	Fixed Dollar Amount
\$6,250,000 or more	\$1,500
\$1,000,001 to \$6,250,000	\$ 425
\$1,000,000 or less	\$ 325

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

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

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## Changes in 1996-97 State Budgets

The 1996-97 State Budget contained two significant tax law changes affecting corporate tax credit provisions. These included the following:<sup>3</sup>

- *Credit for Rehabilitation of Historic Barns*

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

The credit equals 25 percent of qualified rehabilitation expenditures paid or incurred for any barn located in New York State that is a qualified rehabilitated building. The definition of a qualified rehabilitated building has the same meaning as that used for the federal rehabilitation credit under Section 47 of the Internal Revenue Code. For purposes of the historic barn credit, a barn is defined as a building originally designed and used for storing farm equipment or agricultural products or for housing livestock, but does not include barns converted to residential purposes. In accordance with federal law for rehabilitation of historic buildings, the barn being rehabilitated must have been placed in service before the commencement of the rehabilitation work, and it either must be a

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certified historic structure or must have been first placed in service before 1936. It only qualifies for the credit based on substantial rehabilitation. Generally, a building will have been considered substantially rehabilitated only if the expenditures exceed the greater of the adjusted basis of the barn or \$5,000. A taxpayer may not claim both the regular ITC on manufacturing property and the ITC for rehabilitation of historic barns on the same property.

- *Agricultural Property Tax Credit*

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

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## Changes in 1997-98 State Budgets

The 1997-98 State Budget contained several new tax credits as well as a significant change to an existing credit provision.

- *Alternative Fuels Vehicle Credit*

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

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

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

- *Credit of Employers Who Hire Persons with Disabilities*

A new tax credit is available to employers who employ individuals with certified disabilities and who are considered full time for at least 180 days or 400 hours. The credit equals 35 percent of the first \$6,000 of first year wages paid to a disabled employee (up to \$2,100 per employee). However, if the first year wages qualify for the federal work opportunity tax credit, the New York credit will apply to second year wages. The credit is effective for tax years beginning on or after January 1, 1998 with respect to workers who begin work on or after January 1, 1997. Unused credits are not refundable but may be carried forward indefinitely.

- *Investment Tax Carryover*

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

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## Changes in 1998-99 State Budgets

The 1998-99 State Budget contained a significant expansion of an existing credit provision as well as a new tax credit program designed to promote emerging technology.

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

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

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

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

The credit is available for property placed in service for the five year period between October 1, 1998 and September 30, 2003.

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

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

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

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

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

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## Endnotes

1. Effective for credits generated on or after January 1, 1987, the allowable carry forward of the investment tax credit and employment incentive credit increased from 7 to 10 years. The cutoff of pre-1987 investment tax credit carry forwards was extended from 1994 to 1997.
2. Taxpayers may request a refund of special additional mortgage recording tax credit earned after January 1, 1994.
3. See New York State Department of Taxation and Finance, Office of Tax Policy Analysis, Summary of 1997-98 Tax Provisions (September 1997) for more details on changes to credit provisions.

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# Appendix B: Legislative Mandate

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

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

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

