

S. 3671 A. 6845
2005-2006 Regular Sessions
SENATE - ASSEMBLY
March 27, 2005 _____

IN SENATE -- Introduced by COMMITTEE ON RULES -- read twice and ordered printed, and when printed to be committed to the Committee on Finance

IN ASSEMBLY -- Introduced by COMMITTEE ON RULES -- read once and referred to the Committee on Ways and Means AN ACT to amend the tax law, in relation to business allocation percent- age and the determination of net income for certain taxpayers

(Part A);

13 PART A Section 1. Paragraph (a) of subdivision 3 of section 210 of the tax
14 law is amended by adding a new subparagraph 10 to read as follows:
15 **(10) (A) Notwithstanding the foregoing provisions of this paragraph,**
16 **the business allocation percentage shall be computed in the manner set**
17 **forth in this subparagraph.**
18 **(i) For taxable years beginning on or after January first, two thou-**
19 **sand six and before January first, two thousand seven, the business**
20 **allocation percentage shall be determined by adding together the follow-**
21 **ing percentages:**
22 **(I) the product of twenty percent and the percentage determined under**
23 **subparagraph one of this paragraph,**
24 **(II) the product of sixty percent and the percentage determined under**
25 **subparagraph two of this paragraph, and**
26 **(III) the product of twenty percent and the percentage determined**
27 **under subparagraph three of this paragraph.**
28 **(ii) For taxable years beginning on or after January first, two thou-**
29 **sand seven and before January first, two thousand eight, the allocation**

S. 3671 4 A. 6845
1 **percentage shall be determined by adding together the following percent-**
2 **ages:**
3 **(I) the product of ten percent and the percentage determined under**
4 **subparagraph one of this paragraph,**
5 **(II) the product of eighty percent and the percentage determined under**
6 **subparagraph two of this paragraph, and**
7 **(III) the product of ten percent and the percentage determined under**
8 **subparagraph three of this paragraph.**
9 **(iii) For taxable years beginning on or after January first, two thou-**
10 **sand eight the business allocation percentage shall be the percentage**
11 **provided for in subparagraph two of this paragraph.**
12 § 2. Subsection (b) of section 1454 of the tax law is amended by
13 adding a new paragraph (1-a) to read as follows:
14 **(1-a) Notwithstanding the provisions of paragraph one of this**
15 **subsection, each taxpayer subject to the tax imposed by this article**
16 **that provides management, administrative or distribution services to an**
17 **investment company, as such terms are defined in subparagraph (G) of**
18 **paragraph two of subsection (a) of this section, shall determine the**

19 portion of its entire net income derived, directly or indirectly, from
20 such services performed within the state by multiplying such income by
21 an income allocation percentage obtained as follows:
22 (A) For taxable years beginning on or after January first, two thou-
23 sand six and before the first day of January, two thousand seven, by
24 adding the following percentages:
25 (i) the product of seventeen percent and the percentage determined
26 under paragraph one of subsection (a) of this section,
27 (ii) the product of fifty percent and the percentage determined under
28 clause two of subparagraph (G) of paragraph two of subsection (a) of
29 this section, and
30 (iii) the product of thirty-three percent and the percentage deter-
31 mined under paragraph three of subsection (a) of this section.
32 (B) For taxable years beginning on or after January first, two thou-
33 sand seven and before the first day of January, two thousand eight, by
34 adding the following percentages:
35 (i) the product of ten percent and the percentage determined under
36 paragraph one of subsection (a) of this section,
37 (ii) the product of seventy percent and the percentage determined
38 under clause two of subparagraph (G) of paragraph two of subsection (a)
39 of this section, and
40 (iii) the product of twenty percent and the percentage determined
41 under paragraph three of subsection (a) of this section.
42 (C) For taxable years beginning on or after January first, two thou-
43 sand eight, by the percentage ascertained under clause two of subpara-
44 graph (G) of paragraph two of subsection (a) of this section.
45 (D) Income derived by such taxpayer from sources other than the
46 providing of management, administrative, and distribution services to or
47 on behalf of an investment company shall be allocated as provided in
48 paragraphs one and two of this subsection but excluding from such calcu-
49 lation the receipts from an investment company described in clause two
50 of subparagraph (G) of paragraph two of subsection (a) of this section.
51 § 3. This act shall take effect immediately.