

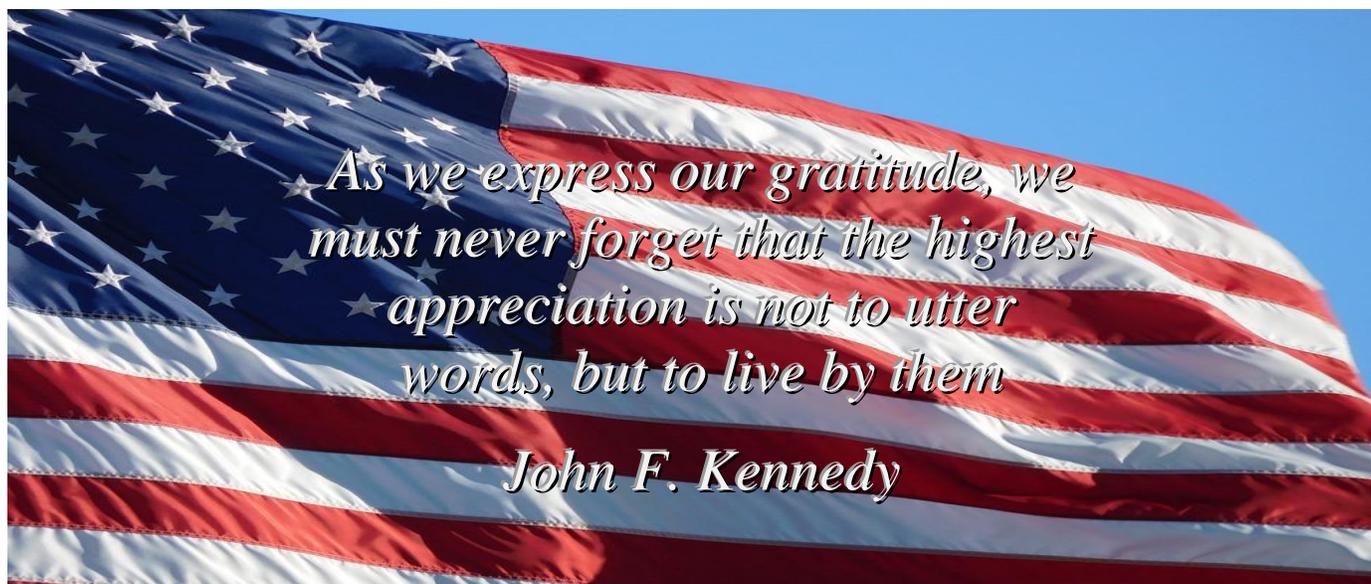


This Week in New York

Covering New York State and City Government

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May 25, 2018 Edition



In the News – New York State



The State Legislature tapped Acting Attorney General Barbara Underwood as the 66th Attorney General of New York.

Attorney General Underwood, the first woman to hold the office in New York, was previously the state solicitor general. She took over the position in an acting capacity following the resignation of Eric Schneiderman. She will remain in the top post until the end of the year.

“It is a tremendous honor,” Attorney General Underwood said. “I’ve served in many roles in government throughout my career. But I believe this job — at this moment in history — is the most important job I have ever had.”



Attorney General Underwood

Governor Andrew Cuomo lauded Attorney General Underwood as “a brilliant legal mind and an extraordinarily qualified attorney.....and she will provide strong leadership and important continuity in the office of Attorney General during these challenging times.”



Department of the Treasury
Internal Revenue Service

Fed Issues Guidance on “Certain Payments Made in Exchange for State and Local Tax Credits”

The Internal Revenue Service (IRS) and U.S. Department of Treasury this week issued a warning to New York taxpayers and taxpayers in other states that have enacted plan to offset the \$10,000 limit on federal deductions for state and local taxes.

As part of the 2018-2019 State budget, Governor Andrew Cuomo included language that allows New Yorkers to turn their state and local tax payments into fully-deductible contributions to charitable trusts. Those trusts would forward the payments to government entities. The IRS and the Treasury Department issued NOTICE 2018-54 alerting taxpayers that the departments plan to issue new guidance on the use of charitable contributions as a tax workaround:

Section 11042 of “The Tax Cuts and Jobs Act,” Pub. L. No. 115-97, limits an individual’s deduction under § 164 for the aggregate amount of state and local taxes paid during the calendar year to \$10,000 (\$5,000 in the case of a married individual filing a separate return). State and local tax payments in excess of those amounts are not deductible. This new limitation applies to taxable years beginning after December 31, 2017, and before January 1, 2026. In response to this new limitation, some state legislatures are considering or have adopted legislative proposals that would allow taxpayers to make transfers to funds controlled by state or local governments, or other transferees specified by the state, in exchange for credits against the state or local taxes that the taxpayer is required to pay. The aim of these proposals is to allow taxpayers to characterize such 2 transfers as fully deductible charitable contributions for federal income tax purposes, while using the same transfers to satisfy state or local tax liabilities. Despite these state efforts to circumvent the new statutory limitation on state and local tax deductions, taxpayers should be mindful that federal law controls the proper characterization of payments for federal income tax purposes.

The Treasury Department and the IRS intend to propose regulations addressing the federal income tax treatment of transfers to funds controlled by state and local governments (or other state-specified transferees) that the transferor can treat in whole or in part as satisfying state and local tax obligations. The proposed regulations will make clear that the requirements of the Internal Revenue Code, informed by substance over-form principles, govern the federal income tax treatment of such transfers. The proposed regulations will assist taxpayers in understanding the relationship between the federal charitable contribution deduction and the new statutory limitation on the deduction for state and local tax payments.

<https://www.irs.gov/pub/irs-drop/n-18-54.pdf>

Annual NYS Senate Tech Expo

New York State Senators Martin Golden, Rich Funke and George Amedore this week hosted the annual Technology Expo in the Legislative Office Building, highlighting the progress made by New York businesses and universities in numerous tech fields.



Senator Golden test drives a Jurassic World Dino Racer

The focus this year was on the multi-billion dollar digital gaming industry. Businesses such as Vicarious Visions, Warner Brothers Games and First Playable provided interactive tables which included full and beta version playable video games as well as playable virtual reality games. Senators Golden and Amedore spoke of growing the business in New York and attracting more companies to the State with Film industry type tax breaks.

Non-gaming tech companies were featured as well and presented new technologies. Google, Apple and Amazon demonstrated new home smart devices and Fisher Price brought new interactive toys to the Expo. SUNY Stony Brook had a gaming table and a table featuring its 3d printing, artificial intelligence, and water generation technologies. Tech Security including companies Social Sentinel, Veritas, Databuoy and Northwoods showed a wide variety of technologies from drone interdiction to gunshot detection networks.

In the News – New York City



NYC Transit Releases Plan to Modernize All Services for the 21st Century

MTA New York City Transit President Andy Byford this week announced a comprehensive plan to modernize major aspects of the Transit organization and its services, from subways to buses to accessibility to corporate culture.

The plan, called “Fast Forward: The Plan to Modernize New York City Transit,” focuses on four major priorities: transforming the subway, reimagining the city’s public bus network, improving accessibility for all modes, and engaging and empowering NYC Transit’s workforce to deliver the best service possible.

“President Byford is a proven change agent in the world of international transit and this plan will achieve exactly what he was brought on to do — give New Yorkers the reliable, efficient, accessible transit system they need and deserve,” said MTA Chairman Joseph Lhota.

Highlights of the plan, which was presented to the MTA Board this week, include:

Signal and track infrastructure for optimum reliability, performance and safety. Within five years, the latest computerized signal and track infrastructure will be installed on five additional lines (3 million daily riders are on lines with Communications Based Train Control (CBTC)). Within 10 years, these benefits will cover a total of 11 additional lines (5 million daily riders). This work will also require the refurbishment, replacement or upgrading supporting infrastructure and equipment such as power systems, shops and yards, and cars.

Fully accessible subway system. Within five years, more than 50 new stations will be made accessible, ensuring that all subway riders will not be more than two stops away from an accessible station. Within 10 years, this will expand to a total of more than 130 additional stations, with the balance of all possible stations completed by 2034. A new Accessibility Advisor reporting directly to the president of NYC Transit will be appointed.

Station repairs and improvements. Critical structural and functional repairs, maintenance and improvements will be performed at more than 150 stations over the course of five years, and more than 300 stations within 10 years.

Fleet of new subway cars and buses. Within five years, riders will benefit from the reliability, performance and safety advantages of more than 650 new subway cars, more than 1,200 refurbished cars, and 2,800 new buses including 200 electric buses (provided that there will be industry capacity to meet the demands of the initiative). Within 10 years, the plan calls for another 3,000 new subway cars and 2,100 new buses, including 1,600 electric buses.

Redesigned bus route network. As noted in the NYCT Bus Plan released last month, the entire route network for local and express buses in the five boroughs is being re-evaluated and redesigned based on ridership patterns, road operating conditions and input from customers, route neighbors, advocates and others. The Fast Forward Plan calls for this work to be done within five years.

More reliable, more efficient paratransit experience. The Fast Forward Plan builds upon the work of the MTA Board Access-A-Ride Work Group by simplifying the application process, using modern technology like GPS to enhance ride scheduling and tracking, and working with NYC DOT to allow Access-A-Ride vehicles to use city bus lanes.

Engage and empower employees. The Fast Forward Plan works to improve the employee experience by creating new programs for recognition and for dialogue with management, by streamlining bureaucratic processes, by improving opportunities for internal promotion, by better maintaining and improving employee facilities, by working with labor unions to refresh the approach to discipline, and by working with NYPD and prosecutors to take a strong stand against assaults on employees. The Plan also establishes a formal agency-wide mentoring program and revamps training and skills development. There will also be increased focus on diversity in the workforce and diversity training, as well as increased facilities for women and non-gender-conforming individuals.

To track and report progress for stakeholders and the public, the Fast Forward Plan includes twice-yearly reports on the progress of its initiatives.



Comptroller DiNapoli: Queens Economy Takes Off



Queens has more residents than at any time in its history, a record number of jobs and businesses, and an all-time low unemployment rate, according to an economic report released by New York State Comptroller Thomas DiNapoli.

“The Queens economy is booming, setting employment records in each of the past six years,” Comptroller DiNapoli said. “Immigrants, who make up nearly half of the population, are an important part of the borough’s success.”

The borough, however, still faces challenges, including school overcrowding, a need for more affordable housing and long commute times.

Job Count: Queens added 110,500 private sector jobs between 2009 and 2017. Health care, leisure and hospitality, business services and retail were responsible for more than two-thirds of the new jobs. The unemployment rate fell from the recession era peak of 8.6 percent in 2010 to 4 percent in 2017, lower than the citywide rate and the lowest level since the data series was created in 1990.

Population: Since 1980, the population has increased by 25 percent to a record 2.4 million, driven by a doubling in the immigrant population to 1.1 million. Immigrants made up 47 percent of the population in 2016, the second highest share of any county in the nation after Miami-Dade, Fla. Immigrants also represented more than half of the work force in Queens and made up 69 percent of the self-employed entrepreneurs.

Diversity: Queens is the most racially and ethnically diverse county in the nation. While no racial or ethnic group held more than a 30 percent share of the population, four groups held double-digit shares. In 2016, Hispanics and Latinos accounted for 28 percent of the population, whites for 25 percent, Asians for 25 percent, and black or African Americans for 17 percent.

Business Environment: The number of businesses in Queens increased by 22 percent since the end of the recession in 2009, faster than the citywide rate of 17 percent. Business sales increased by 54 percent since 2009 (faster than the citywide rate of 44 percent), reaching a record of \$12.9 billion in 2016.

Among the 14 Census-defined neighborhoods in Queens, private sector job growth was fastest in the Howard Beach and Ozone Park area, rising by 43 percent between 2009 and 2017. Growth was also strong in the areas of Flushing (39 percent), Jackson Heights (38 percent) and Richmond Hill (34 percent).

Briefs

State Political Parties Tap Nominees

Democrat

Governor Andrew Cuomo
Lieutenant Governor Kathy Hochul
Attorney General Letitia James
State Comptroller Thomas DiNapoli

Republican

Governor Marc Molinaro
Lieutenant Governor Julie Killian
Attorney General Keith Wofford
State Comptroller Jonathan Trichter

Governor Cuomo Issues First Group of Conditional Pardons Restoring the Right to Vote to New Yorkers on Parole

Governor Andrew Cuomo announced this week that he has issued the first set of conditional pardons restoring the right to vote to 24,086 people under community supervision in New York State. This group of pardons follows the Executive Order signed on April 18. New York State Election law provides that a Governor's pardon restores the right to vote to felony parolees. Amongst those receiving a conditional pardon is the recently paroled murderer of police officers Waverly Jones and Joseph Piagentini.

According to the Governor's press release, the pardon review process examined each person and considered a variety of factors, including if the person is living successfully in the community by maintaining required contact with his or her parole officer and remaining at liberty at the time of the review. The remaining applications are being reviewed and processed. This process will be repeated every month. If a pardon recipient is re-incarcerated in New York State prison as a result of a parole violation, or as a result of a conviction for a new felony, their pardon will be revoked.

The pardons issued this week exclusively restore the right to vote and they have no other effect on a person's conviction or status, according to the Governor's office.

NY's Road & Bridge Construction Suspended Throughout Memorial Day Weekend

Non-emergency related road and bridge construction projects on New York State highways will be suspended today to 6 a.m. on Tuesday, May 29, to accommodate increased travel throughout Memorial Day weekend.

In some cases, road work may continue behind permanent concrete barriers or for emergency repairs. A detailed schedule of Thruway lane closures throughout the holiday weekend is available [here](#).

State Pension Fund Value \$206.9 Billion

Earns 11.35 Percent Return on Investments in State Fiscal Year 2018

The New York State Common Retirement Fund (Fund) earned an estimated 11.35 percent return on investments in the state fiscal year that ended on March 31, 2018, according to the State Comptroller's Office. The Fund ended the year with an estimated value of \$206.9 billion, which is subject to change once returns are fully audited. The Fund's value at the end of state fiscal year 2017 was \$192.4 billion.

During state fiscal year 2018, the Fund's public equities, including domestic and non-U.S. holdings, enjoyed overall returns of 15.03 percent. The Fund's broader approach to fixed income markets over the last year returned 2.14 percent. The Fund's diversification strategy performed well, with private equity and real estate delivering returns of 18.70 percent and 9.01 percent, respectively.

The Fund's long-term expected rate of return is 7 percent.

Bills Approved by the City Council

Introduction 14-A, sponsored by Council Member Joseph Borelli, would require that mandatory citywide campaign debates be simultaneously broadcast on the City-owned or operated television channel with the largest public audience.

Introduction 189-A, sponsored by Council Members Steven Matteo, would require that automated external defibrillators (AED) be provided to youth softball leagues playing on City-owned land at no cost. Commotio cordis is the second highest cause of death in athletes under the age of 14. Softball has the second highest incidence rate of commotio cordis events, and 75% of people who experience commotio cordis are under 18 years of age. An automatic external defibrillator (AED) is the only effective treatment for restoring a regular heart rhythm during sudden cardiac arrest, and is an easy to operate tool for someone with no medical background.

Introduction 895, sponsored by Council Member I. Daneek Miller, would extend health insurance coverage for surviving family members of DOT Bridges electrician, George Staab, who was killed along the Hutchinson River Parkway on April 4. The administrative code currently authorizes health insurance to be provided to family members of uniformed employees of the police, fire, correction and sanitation department who have died in the line of duty. This bill only applies to Mr. Staab's family.

Introduction 210-B, sponsored by Council Member Steven Matteo, would require that property owners be given more time to make necessary repairs to the sidewalk adjacent to their property, increasing the timeline from 45 days to 75 days. The purpose of the legislation is to allow more time for property owners to complete sidewalk repairs, which is especially important during the winter months when weather conditions are less conducive to completing sidewalk work.

Coming Up

New York State

The Legislature is in session Wednesday, May 30th through Thursday, May 31st.

Tuesday May 29th

The power outages following recent winter snow-storms in the Hudson Valley

Joint Assembly Standing Committee on Corporations, Authorities and Commission, and Committee on Energy, Westchester County Legislative Chambers, Michaelian Office Building, 8th Floor, 148 Martine Avenue, White Plains, 10:00 a.m.

Wednesday May 30th

To examine the Minority and Women-Owned Business Enterprises program, and consider potential legislative solutions to create a more effective and efficient program to enhance New York's business climate

Joint Senate Standing Committee on Economic Development, and Committee on Labor, Van Buren Hearing Room A, Legislative Office Building, 2nd Floor, Albany, 9:00 a.m.

New York City

Wednesday May 30th

Subcommittee on Zoning and Franchises, Committee Room – 250 Broadway, 16th Floor, 9:30 a.m.

Subcommittee on Planning, Dispositions and Concessions, Committee Room – 250 Broadway, 16th Floor, 2:30 p.m.

Thursday May 31th

Committee on Higher Education, Committee Room – 250 Broadway, 14th Floor, 10 a.m.

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