



Poughkeepsie City School District - Sales Tax on Utilities, Q & A

Question No. 1. Who imposes the sales tax on utilities and how does it get to the small city school district?

- Small city school districts can impose a utility tax; almost half of the 57 small city districts already do so. For a list of school districts that impose these taxes and the rate, see the New York State Department of Taxation and Finance's Publication 718, *New York State Sales and Use Tax Rates by Jurisdiction*.
- The Board of Education votes to impose the tax and utility companies collect the tax from their customers and remit the collected monies to the state department of taxation and finance, which in turn disburses the tax monies to the school district.

Question No. 2. Which utilities are taxed?

- Small city school districts in New York State may impose a sales tax on sales of the following utilities and utility services:
 - gas (including propane sold in containers of 100 pounds or more), electricity, refrigeration, and steam;
 - gas, electric, refrigeration, and steam service;
 - telephony and telegraphy, except interstate and international telephony and telegraphy;
 - telephone and telegraph services, except interstate and international telephone and telegraph services, including telephone answering services and facsimile transmission services (not including prepaid telephone calling cards and services); and
 - mobile telecommunications services provided by a home service provider.

Question No. 3. Would this be a new tax for the school district's tax base or is the school district accessing taxes already collected from the utility companies?

- This would be a new tax and would be in addition to any city or county tax levied on the sale of the same goods and services.

Question No. 4. Why is the District thinking about imposing this sales tax on utilities?

- Despite New York's equalizing State aid system, there remain tremendous disparities between New York State school districts in fiscal resources available to support education. The disparities in fiscal resources are due primarily to the varying ability of school districts to generate local property tax revenue.
- As in most states, property values of residences and businesses vary dramatically from school district to school district, as do local assessment practices. In short, a student's access to educational resources depends in large part on where he or she lives, raising serious concerns about the equity of student opportunities.
- Poughkeepsie City School District's property tax base is very low.
- Enormous shortfalls in Foundation Aid due to the Poughkeepsie City School District, combined with increases in unfunded mandates, have necessitated that the District explore

equitable options for generating the revenue that is necessary to sustain quality instructional programs for our children. Unlike property taxes, which disproportionately impact the District's property owners, the utility tax is a tax of general applicability, the burden of which would be shared by all taxpayers on an equitable basis.

Question No. 5. What entities will be exempt from this sales tax?

- Specifically, under Section 1116 of the Tax Law, all sales **by or to** the State of New York or its agencies, the United States of America, the United Nations, and a post or organization of the United States armed forces are exempt. The exemption also applies to the following entities:
 - corporations, associations, trusts, or community chest, fund, foundation, or limited liability company, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting to influence legislation, (except as otherwise provided in subsection (h) of section five hundred one of the United States internal revenue code of nineteen hundred fifty-four, as amended), and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office.

Question No. 6. What procedure must the Poughkeepsie City School District follow in order to impose the utility tax?

- New York State Tax Law §1212 provides the procedure by which small city school districts may impose such a sales tax on utilities:
 1. A public hearing is held, after notice in the same manner as required for a hearing on district's tentative budget.
 2. A majority of the Board of Education votes to impose a sales tax on utilities, authorized by Tax Law §1212 and passes such resolution which sets the tax at $\frac{1}{2}$, 1, $1\frac{1}{2}$, 2, $2\frac{1}{2}$, or 3 percent. The effective date shall be March 1st, June 1st, September 1st, or December 1st. If the exemptions of §1115(z) are included in the resolution the effective date must be March 1st.
 3. At least 90 days before the effective date a certified copy of the resolution must be sent by registered or certified mail to the Commissioner of Taxation at the Albany office (unless the Commissioner allows such notice 30 or more days before the effective date).
 4. Within 5 days of enactment, certified copies must be filed with the State Education Department, the Secretary of State and the State Comptroller.

Question No. 7. How will the tax be collected if it is imposed?

- Companies collecting the resulting tax are required to file a form and remit such collected funds to the Department of Taxation and Finance on a quarterly basis.



Local Sales and Use Tax Rates on Residential Energy Effective August 1, 2019

The Tax Law provides that residential energy sources and services are exempt from the 4% New York State sales and use tax, and the $\frac{3}{8}$ % sales and use tax imposed in the Metropolitan Commuter Transportation District (MCTD), if applicable. The term *residential energy sources and services* means the following tangible personal property and services used for residential purposes:

- natural gas
- propane sold in containers of 100 pounds or more
- electricity
- steam
- gas, electric, and steam services
- fuel oil (except diesel motor fuel)
- coal
- wood (for heating purposes only)

Counties and cities that impose a local sales and use tax may choose to either tax or exempt the residential energy sources and services listed above. Also, certain school districts are authorized to impose a sales and use tax on natural gas, propane (in containers of 100 pounds or more), electricity, and steam, as well as on gas, electric, and steam services.

Part 1 lists the jurisdictions that impose a local tax on residential sales of gas, propane (in containers of 100 pounds or more), electricity, and steam, and the applicable tax rate.

Part 2 lists the jurisdictions that impose a local tax on residential sales of coal, fuel oil, and wood (for heating), and the applicable tax rate.

Localities or school districts not listed in this publication do not impose a local tax on residential energy sources and services.

Any items changed from the previous version appear in ***boldface italics***.

Part 1 – Jurisdictions that tax residential gas, propane (100 pounds or more), electricity, and steam

Taxing jurisdiction (county names added for clarification)	Tax rate %
Albany School District (<i>Albany County</i>)	3
Cohoes School District (<i>Albany County</i>)	3
Watervliet School District (<i>Albany County</i>)	3
Allegany County	4½
Cattaraugus County (outside the following)	3
Olean (city)	3
Salamanca (city)	3
Cayuga County (outside the following)	4
Auburn (city)	4
Chemung County	4
Norwich (city) (<i>Chenango County</i>)	3
Hudson School District (<i>Columbia County</i>)	3
Cortland County	4
Erie County (outside the following)	4¾
Lackawanna School District	7¾
Franklin County	2
Gloversville School District (<i>Fulton County</i>)	3
Johnstown School District (in <i>Fulton County</i>)	3
Batavia School District (<i>Genesee County</i>)	3
Watertown School District (<i>Jefferson County</i>)	3
Oneida (city) (<i>Madison County</i>)	2
Johnstown School District (in <i>Montgomery County</i>)	3
Glen Cove School District (<i>Nassau County</i>)	3
Long Beach School District (<i>Nassau County</i>)	3
Niagara County (outside the following)	4
Lockport (city)	4
Niagara Falls School District	7
Utica School District (<i>Oneida County</i>)	3

Taxing jurisdiction (county names added for clarification)	Tax rate %
Middletown School District (<i>Orange County</i>)	3
Newburgh School District (outside city) (<i>Orange County</i>)	3
Newburgh School District (inside city) (<i>Orange County</i>)	6
Port Jervis (city) (<i>Orange County</i>)	3
Orleans County	4
Oswego (city) (<i>Oswego County</i>)	4
Rensselaer School District (<i>Rensselaer County</i>)	3
Troy School District (<i>Rensselaer County</i>)	3
Rockland County	4
Schenectady County (outside the following)	4
Schenectady School District	7
Hornell School District (<i>Steuben County</i>)	2½
St. Lawrence County (outside the following)	4
Ogdensburg School District	7
Suffolk County	2½
Tioga County	3
Tompkins County (outside the following)	4
Ithaca (city)	4
<i>Westchester County (outside the following)</i>	4
<i>Mount Vernon School District (outside city)</i>	7
Mount Vernon School District (inside city)	7
New Rochelle School District	6
<i>Peekskill School District</i>	7
<i>Rye City School District</i>	7
White Plains School District	6
Yonkers (city)	4½
New York City	4½