Section 1. Section 606 of the tax law is amended by adding a new subsection (qq) to read as follows:

(QQ) MIDDLE CLASS CIRCUIT BREAKER CREDIT.

(1) DEFINITIONS. FOR THE PURPOSES OF THIS SUBSECTION:

(A) "QUALIFIED TAXPAYER" MEANS A RESIDENT INDIVIDUAL OF THE STATE WHO OWNS OR RENTS THE RESIDENTIAL REAL PROPERTY IN WHICH HE OR SHE RESIDES, AND HAS RESIDED IN SUCH RESIDENTIAL REAL PROPERTY FOR NOT LESS THAN FIVE YEARS.

(B) "HOUSEHOLD" OR "MEMBERS OF THE HOUSEHOLD" MEANS A QUALIFIED TAXPAYER OR QUALIFIED TAXPAYERS AND ALL OTHER PERSONS, NOT NECESSARILY RELATED, WHO ALL RESIDE IN THE RESIDENTIAL REAL PROPERTY OWNED BY THE TAXPAYER OR TAXPAYERS, AND SHARE ITS FURNISHINGS, FACILITIES AND ACCOMMODATIONS; PROVIDED THAT NO PERSON MAY BE A MEMBER OF MORE THAN ONE HOUSEHOLD AT ONE TIME.

(C) "HOUSEHOLD GROSS INCOME" MEANS THE AGGREGATE ADJUSTED GROSS INCOME OF ALL MEMBERS OF THE HOUSEHOLD FOR THE TAXABLE YEAR AS REPORTED FOR FEDERAL INCOME TAX PURPOSES, OR WHICH WOULD BE REPORTED AS ADJUSTED GROSS INCOME IF A FEDERAL INCOME TAX RETURN WERE REQUIRED TO BE FILED, WITH THE MODIFICATIONS IN SUBSECTION (B) OF SECTION SIX HUNDRED TWELVE OF THIS ARTICLE BUT WITHOUT THE MODIFICATIONS IN SUBSECTION (C) OF SUCH SECTION, PLUS ANY PORTION OF THE GAIN FROM THE SALE OR EXCHANGE OF PROPERTY OTHERWISE EXCLUDED FROM SUCH AMOUNT; EARNED INCOME FROM SOURCES WITHOUT THE UNITED STATES EXCLUDABLE FROM FEDERAL GROSS INCOME BY SECTION NINE HUNDRED ELEVEN OF THE INTERNAL REVENUE CODE; SUPPORT MONEY NOT INCLUDED IN ADJUSTED GROSS INCOME; NONTAXABLE STRIKE BENEFITS; SUPPLEMENTAL SECURITY INCOME PAYMENTS; THE GROSS AMOUNT OF ANY PENSION OR ANNUITY BENEFITS TO THE EXTENT NOT INCLUDED IN SUCH ADJUSTED GROSS INCOME (INCLUDING, BUT NOT LIMITED TO, RAILROAD RETIREMENT BENEFITS AND ALL PAYMENTS RECEIVED UNDER THE FEDERAL SOCIAL SECURITY ACT AND VETERANS' DISABILITY PENSIONS); NONTAXABLE INTEREST RECEIVED FROM THE STATE OF NEW YORK, ITS AGENCIES, INSTRUMENTALITIES, PUBLIC CORPORATIONS, OR POLITICAL SUBDIVISIONS (INCLUDING A PUBLIC CORPORATION CREATED PURSUANT TO AGREEMENT OR COMPACT WITH ANOTHER STATE OR CANADA); WORKERS' COMPENSATION; THE GROSS AMOUNT OF "LOSS-OF-TIME" INSURANCE; AND THE AMOUNT OF CASH PUBLIC ASSISTANCE AND RELIEF, OTHER THAN MEDICAL ASSISTANCE FOR THE NEEDY, PAID TO OR FOR THE BENEFIT OF THE QUALIFIED TAXPAYER OR MEMBERS OF HIS OR
HER HOUSEHOLD. HOUSEHOLD GROSS INCOME SHALL NOT INCLUDE SURPLUS FOODS OR OTHER RELIEF IN KIND OR PAYMENTS MADE TO INDIVIDUALS BECAUSE OF THEIR STATUS AS VICTIMS OF NAZI PERSECUTION AS DEFINED IN PUBLIC LAW 103-286. OR ANY DISABILITY COMPENSATION RECEIVED BY VETERANS ON ACCOUNT OF INJURY OR ILLNESS INCURRED OR AGGRAVATED DURING MILITARY SERVICE IN THE WARS IN AFGHANISTAN AND IRAQ SINCE SEPTEMBER 11, 2001. PROVIDED, FURTHER, HOUSEHOLD GROSS INCOME SHALL ONLY INCLUDE ALL SUCH INCOME RECEIVED BY ALL MEMBERS OF THE HOUSEHOLD WHILE MEMBERS OF SUCH HOUSEHOLD.

(D) “ADJUSTED RENT” MEANS RENTAL PAID FOR THE RIGHT OF OCCUPANCY OF A RESIDENCE.

(E) “REAL PROPERTY TAX EQUIVALENT” MEANS (1) FOR TAXABLE YEARS BEGINNING IN 2010, FIFTEEN PERCENT OF THE ADJUSTED RENT ACTUALLY PAID IN THE TAXABLE YEAR BY A HOUSEHOLD SOLELY FOR THE RIGHT OF OCCUPANCY OF ITS NEW YORK RESIDENCE FOR THE TAXABLE YEAR. IF (I) A RESIDENCE IS RENTED TO TWO OR MORE INDIVIDUALS AS COTENANTS, OR SUCH INDIVIDUALS SHARE IN THE PAYMENT OF A SINGLE RENT FOR THE RIGHT OF OCCUPANCY OF SUCH RESIDENCE, AND (II) EACH OF SUCH INDIVIDUALS IS A MEMBER OF A DIFFERENT HOUSEHOLD, ONE OR MORE OF WHICH INDIVIDUALS SHARES SUCH RESIDENCE, REAL PROPERTY TAX EQUIVALENT IS THAT PORTION OF FIFTEEN PERCENT OF THE ADJUSTED RENT PAID IN THE TAXABLE YEAR WHICH REFLECTS THAT PORTION OF THE RENT ATTRIBUTABLE TO THE QUALIFIED TAXPAYER AND THE MEMBERS OF HIS OR HER HOUSEHOLD; AND, (2) FOR TAXABLE YEARS BEGINNING IN 2011 AND THEREAFTER, TWENTY PERCENT OF THE ADJUSTED RENT ACTUALLY PAID IN THE TAXABLE YEAR BY A HOUSEHOLD SOLELY FOR THE RIGHT OF OCCUPANCY OF ITS NEW YORK RESIDENCE FOR THE TAXABLE YEAR. IF (I) A RESIDENCE IS RENTED TO TWO OR MORE INDIVIDUALS AS COTENANTS, OR SUCH INDIVIDUALS SHARE IN THE PAYMENT OF A SINGLE RENT FOR THE RIGHT OF OCCUPANCY OF SUCH RESIDENCE, AND (II) EACH OF SUCH INDIVIDUALS IS A MEMBER OF A DIFFERENT HOUSEHOLD, ONE OR MORE OF WHICH INDIVIDUALS SHARES SUCH RESIDENCE, REAL PROPERTY TAX EQUIVALENT IS THAT PORTION OF TWENTY PERCENT OF THE ADJUSTED RENT PAID IN THE TAXABLE YEAR WHICH REFLECTS THAT PORTION OF THE RENT ATTRIBUTABLE TO THE QUALIFIED TAXPAYER AND THE MEMBERS OF HIS OR HER HOUSEHOLD.

(F) "NET REAL PROPERTY TAX" MEANS THE REAL PROPERTY TAXES ASSESSED ON THE RESIDENTIAL REAL PROPERTY OWNED AND OCCUPIED BY THE TAXPAYER OR TAXPAYERS AFTER ANY EXEMPTION OR ABATEMENT RECEIVED PURSUANT TO THE REAL PROPERTY TAX LAW.
(2) CREDIT. A QUALIFIED TAXPAYER SHALL BE ALLOWED A CREDIT AGAINST THE TAXES IMPOSED BY THIS ARTICLE, EQUAL TO SEVENTY PERCENT OF THE AMOUNT BY WHICH THE TAXPAYER'S NET REAL PROPERTY TAX OR THE TAXPAYER'S REAL PROPERTY TAX EQUIVALENT EXCEEDS THE TAXPAYER'S MAXIMUM REAL PROPERTY TAX, AS DETERMINED BY PARAGRAPH THREE OF THIS SUBSECTION. IF SUCH CREDIT EXCEEDS THE TAX FOR SUCH TAXABLE YEAR, AS REDUCED BY THE OTHER CREDITS PERMITTED BY THIS ARTICLE, THE QUALIFIED TAXPAYER MAY RECEIVE, AND THE COMPTROLLER, SUBJECT TO A CERTIFICATE OF THE DEPARTMENT, SHALL PAY AS AN OVERPAYMENT, WITHOUT INTEREST, ANY EXCESS BETWEEN SUCH TAX AS SO REDUCED AND THE AMOUNT OF THE CREDIT. IF A QUALIFIED TAXPAYER IS NOT REQUIRED TO FILE A RETURN PURSUANT TO SECTION SIX HUNDRED FIFTY-ONE OF THIS ARTICLE, A QUALIFIED TAXPAYER MAY NEVERTHELESS RECEIVE AND THE COMPTROLLER, SUBJECT TO A CERTIFICATE OF THE DEPARTMENT, SHALL PAY AS AN OVERPAYMENT THE FULL AMOUNT OF THE CREDIT, WITHOUT INTEREST.

(3) MAXIMUM REAL PROPERTY TAX. (A) A QUALIFIED TAXPAYER'S MAXIMUM REAL PROPERTY TAX SHALL BE DETERMINED AS FOLLOWS:

(I) FOR TAX YEARS BEGINNING IN 2009:

<table>
<thead>
<tr>
<th>HOUSEHOLD GROSS INCOME</th>
<th>MAXIMUM REAL PROPERTY TAX</th>
</tr>
</thead>
<tbody>
<tr>
<td>ONE HUNDRED THOUSAND DOLLARS OR LESS</td>
<td>NINE PERCENT OF THE HOUSEHOLD GROSS INCOME</td>
</tr>
<tr>
<td>MORE THAN ONE HUNDRED THOUSAND DOLLARS</td>
<td>NO LIMITATION.</td>
</tr>
</tbody>
</table>

(II) FOR TAX YEARS BEGINNING IN 2010:

<table>
<thead>
<tr>
<th>HOUSEHOLD GROSS INCOME</th>
<th>MAXIMUM REAL PROPERTY TAX</th>
</tr>
</thead>
<tbody>
<tr>
<td>ONE HUNDRED THOUSAND DOLLARS OR LESS</td>
<td>EIGHT AND ONE HALF PERCENT OF THE HOUSEHOLD GROSS INCOME</td>
</tr>
<tr>
<td>MORE THAN ONE HUNDRED THOUSAND DOLLARS</td>
<td>NO LIMITATION.</td>
</tr>
</tbody>
</table>

(III) FOR TAX YEARS BEGINNING IN 2011:

<table>
<thead>
<tr>
<th>HOUSEHOLD GROSS INCOME</th>
<th>MAXIMUM REAL PROPERTY TAX</th>
</tr>
</thead>
<tbody>
<tr>
<td>ONE HUNDRED THOUSAND DOLLARS OR LESS</td>
<td>SEVEN AND ONE HALF PERCENT OF THE HOUSEHOLD GROSS INCOME</td>
</tr>
<tr>
<td>MORE THAN ONE HUNDRED THOUSAND DOLLARS, BUT LESS THAN OR EQUAL TO ONE HUNDRED AND FIFTY THOUSAND DOLLARS</td>
<td>SEVEN AND ONE HALF PERCENT OF ONE HUNDRED THOUSAND DOLLARS PLUS EIGHT AND ONE HALF PERCENT OF HOUSEHOLD GROSS INCOME ABOVE ONE HUNDRED THOUSAND DOLLARS</td>
</tr>
<tr>
<td>MORE THAN ONE HUNDRED AND FIFTY THOUSAND DOLLARS</td>
<td>NO LIMITATION.</td>
</tr>
</tbody>
</table>
(IV) FOR TAX YEARS BEGINNING IN 2012 AND THEREAFTER:

<table>
<thead>
<tr>
<th>HOUSEHOLD GROSS INCOME</th>
<th>MAXIMUM REAL PROPERTY TAX</th>
</tr>
</thead>
<tbody>
<tr>
<td>ONE HUNDRED THOUSAND</td>
<td>SIX PERCENT OF HOUSEHOLD GROSS</td>
</tr>
<tr>
<td>THOUSAND DOLLARS OR LESS</td>
<td>INCOME</td>
</tr>
<tr>
<td>MORE THAN ONE HUNDRED THOUSAND DOLLARS, BUT LESS THAN OR EQUAL TO ONE HUNDRED AND FIFTY THOUSAND</td>
<td>SIX PERCENT OF ONE HUNDRED THOUSAND DOLLARS PLUS SEVEN PERCENT OF HOUSEHOLD GROSS INCOME ABOVE ONE HUNDRED THOUSAND DOLLARS</td>
</tr>
<tr>
<td>MORE THAN ONE HUNDRED FIFTY THOUSAND DOLLARS, BUT LESS THAN OR EQUAL TO TWO HUNDRED AND FIFTY THOUSAND</td>
<td>SIX PERCENT OF FIFTY THOUSAND DOLLARS PLUS EIGHT AND ONE HALF PERCENT OF HOUSEHOLD GROSS INCOME ABOVE ONE HUNDRED AND FIFTY THOUSAND DOLLARS</td>
</tr>
<tr>
<td>MORE THAN TWO HUNDRED AND FIFTY THOUSAND DOLLARS</td>
<td>NO LIMITATION.</td>
</tr>
</tbody>
</table>

(B) THE THRESHOLDS OF HOUSEHOLD GROSS INCOME ESTABLISHED BY CLAUSE (IV) OF SUBPARAGRAPH (A) OF THIS PARAGRAPH, SHALL BE INDEXED FOR INFLATION FOR TAX YEARS BEGINNING IN 2013 AND THEREAFTER.

(4) EXCLUSIONS FROM ELIGIBILITY. NO CREDIT SHALL BE GRANTED UNDER THIS SUBSECTION IF THE QUALIFIED TAXPAYER CLAIMS THE REAL PROPERTY TAX CIRCUIT BREAKER CREDIT, PURSUANT TO SUBSECTION (E) OF THIS SECTION, DURING THE TAXABLE YEAR.

§ 2. Paragraph d of subdivision 10 of Section 54 of the State Finance Law is amended to read as follows:

d. Additional annual apportionments. Within amounts appropriated in the state fiscal year commencing April first, two thousand seven and in each state fiscal year thereafter through and including the state fiscal year commencing April first, two thousand [ten] TWENTY-ONE, municipalities shall receive additional aid apportioned as follows:

(i) Any municipality with an average full valuation per capita equal to or less than the average full valuation per capita for municipalities that is a city, a town with a population greater than fifteen thousand, or a village with a population greater than ten thousand, shall be eligible to receive an additional annual apportionment equal to:
(1) nine percent of such municipality's base level grant if the municipality meets all of the fiscal distress indicators in paragraph c of this subdivision,
(2) seven percent of such municipality's base level grant if the municipality meets any three of the fiscal distress indicators in paragraph c of this subdivision, or
(3) five percent of such municipality's base level grant if the municipality meets at least one but no more than two of the fiscal distress indicators in paragraph c of this subdivision.

(ii) Any municipality with an average full valuation per capita equal to or less than the average full valuation per capita for municipalities that is a town with a population of fifteen thousand or
less or a village with a population of ten thousand or less which meets one or more of the fiscal
distress indicators in subparagraphs (i), (ii) and (iii) of paragraph c of this subdivision shall be
eligible to receive an additional annual apportionment equal to five percent of such
municipality's base level grant.

(iii) Any municipality that does not qualify for an additional annual apportionment pursuant to
subparagraphs (i) and (ii) of this paragraph shall be eligible to receive an additional annual
apportionment equal to three percent of such municipality's base level grant.

(IV) DURING THE STATE FISCAL YEAR COMMENCING APRIL FIRST, TWO
THOUSAND ELEVEN, THERE SHALL BE PAID TO THE COUNTIES, TOWNS,
VILLAGES AND CITIES OF THE STATE, IN ADDITION TO THE OTHER AMOUNTS
PAID TO THE COUNTIES, TOWNS, VILLAGES AND CITIES OF THE STATE
PURSUANT TO THIS SECTION, AN ADDITIONAL APPORTIONMENT WHICH WHEN
ADDED TO SUCH OTHER AMOUNTS SHALL REPRESENT A PERCENTAGE OF THE
TOTAL STATE TAX COLLECTIONS DURING THE PRIOR STATE FISCAL YEAR, AS
CERTIFIED BY THE COMPTROLLER AND THE COMMISSIONER OF TAXATION AND
FINANCE PURSUANT TO PARAGRAPH J OF SUBDIVISION ONE OF THIS SECTION,
WHICH IS EQUAL TO THE PERCENTAGE OF THE TOTAL STATE TAX COLLECTIONS
DURING THE STATE FISCAL YEAR COMMENCING ON APRIL FIRST, TWO
THOUSAND SEVEN, AS CERTIFIED BY THE COMPTROLLER AND THE
COMMISSIONER OF TAXATION AND FINANCE PURSUANT TO PARAGRAPH J OF
SUBDIVISION ONE OF THIS SECTION, REPRESENTED BY THE AMOUNTS PAID TO
THE COUNTIES, TOWNS, VILLAGES AND CITIES OF THE STATE PURSUANT TO THIS
SECTION DURING THE FISCAL YEAR COMMENCING ON APRIL FIRST, TWO
THOUSAND EIGHT.

(V) DURING THE STATE FISCAL YEARS COMMENCING ON APRIL FIRST, TWO
THOUSAND TWELVE, AND DURING EACH SUCH YEAR THEREAFTER PRIOR TO
THE STATE FISCAL YEAR COMMENCING ON APRIL FIRST, TWO THOUSAND
TWENTY-TWO, THERE SHALL BE PAID TO THE COUNTIES, TOWNS, VILLAGES AND
CITIES OF THE STATE, AN AMOUNT EQUAL TO THE AMOUNT PAID TO SUCH
COUNTIES, TOWNS, VILLAGES AND CITIES OF THE STATE PURSUANT TO THIS
SECTION DURING THE PREVIOUS STATE FISCAL YEAR PLUS THREE HUNDRED
MILLION DOLLARS. THE AMOUNT BY WHICH SUCH TOTAL AMOUNT EXCEEDS
THE TOTAL AMOUNT OTHERWISE REQUIRED TO BE PAID TO SUCH COUNTIES,
TOWNS, VILLAGES AND CITIES OF THE STATE PURSUANT TO OTHER PROVISIONS
OF THIS SECTION SHALL BE APPORTIONED AMONG SUCH COUNTIES, TOWNS,
VILLAGES AND CITIES OF THE STATE BY DETERMINING THE PERCENTAGE
WHICH SUCH REMAINDER IS OF THE TOTAL AMOUNT OTHERWISE REQUIRED TO
BE PAID TO SUCH COUNTIES, TOWNS, VILLAGES AND CITIES OF THE STATE
PURSUANT TO OTHER PROVISIONS OF THIS SECTION AND THEN INCREASING THE
AMOUNT OTHERWISE PAYABLE TO EACH COUNTY, TOWN, VILLAGE AND CITY
BY SUCH PERCENTAGE.
§ 3. The opening paragraph and subparagraph i of paragraph e of subdivision 10 of Section 54 of
the State Finance Law are amended to read as follows:
e. Per capita adjustment. Within amounts appropriated in the state fiscal year commencing April
first, two thousand seven and in each state fiscal year thereafter through and including the state
fiscal year commencing April first, two thousand [ten] TWENTY-ONE, additional aid shall be
apportioned as follows:

(i) For the purposes of subparagraphs (ii), (iii), (iv) and (v) of this paragraph, the threshold
percentage shall be seventy-five percent in the state fiscal year commencing April first, two
thousand seven; eighty percent in the state fiscal year commencing April first, two thousand
eight; eighty-five percent in the state fiscal year commencing April first, two thousand nine; and
ninety percent in the state fiscal [year] YEARS commencing ON AND AFTER April first, two
thousand ten.

§ 4. Paragraphs g of subdivision 10 of Section 54 of the State Finance Law is amended to read as
follows:
g. Accountability requirements. (i) As a condition of receiving more than one hundred thousand
dollars in combined additional aid pursuant to subparagraph (i) of paragraph d of this subdivision
and paragraph e of this subdivision, if applicable, each municipality that qualifies for such
additional aid, other than a city subject to a control period under a state imposed fiscal stability
authority, shall submit a comprehensive fiscal performance plan to the director of the budget and
the state comptroller. Such plan shall be submitted to the director of the budget and the state
comptroller within sixty days of adoption of a municipality's most recent budget or within sixty
days of the effective date of this subdivision, whichever is later, and shall include:
(1) a multi-year financial plan including projected employment levels, projected annual
expenditures for personal service, fringe benefits, non-personal services and debt service;
appropriate reserve fund amounts; estimated annual revenues including projected property tax
rates, the value of the taxable real property and resulting tax levy, annual growth in sales tax and
non-property tax revenues, and the proposed use of one-time revenue sources. Such multi-year
financial plan shall consist of, at a minimum, four fiscal years including the municipality's most
recently completed fiscal year, its current fiscal year adopted budget, and the subsequent two
fiscal years.
(2) a fiscal improvement plan covering the same time period as the multi-year financial plan that
contains key fiscal performance goals necessary to achieve and maintain long term fiscal
stability, proposed local actions necessary to achieve such goals, and proposed performance
measures necessary to assess actual progress in implementing such local actions. In the
development of such plans, proposed local actions shall include, but not be limited to, improved
management practices, initiatives to minimize or reduce operating expenses, and shared services
agreements with other municipalities; and
(3) a fiscal accountability report that, for the state fiscal year commencing April first, two
thousand seven, describes accomplishments and progress during the preceding two local fiscal
years toward achieving management improvements, operational efficiencies and other actions
necessary to achieve fiscal stability. Beginning in the state fiscal year commencing April first,
two thousand eight, and in each fiscal year thereafter through and including the state fiscal year
commencing April first, two thousand [ten] TWENTY-ONE, the fiscal accountability report
shall include: (A) a description of the progress toward achieving fiscal performance goals identified in the previous year's fiscal performance plan; and (B) an accounting of the use of additional annual apportionments and per capita adjustments provided for in this subdivision.

(ii) As a condition of receiving an additional annual apportionment pursuant to paragraph d of this subdivision, each municipality that is a city, other than a city subject to a control period under a state imposed fiscal stability authority or a city subject to the requirements of subparagraph (i) of this paragraph and each municipality that is a village that will receive an additional annual apportionment pursuant to clause one of subparagraph (i) of paragraph d of this subdivision, shall develop a multi-year financial plan that includes: projected employment levels, projected annual expenditures for personal service, fringe benefits, non-personal services and debt service; appropriate reserve fund amounts; estimated annual revenues including projected property tax rates, the value of the taxable real property and resulting tax levy, annual growth in sales tax and non-property tax revenues, and the proposed use of one-time revenue sources. Such multi-year financial plan shall consist of, at a minimum, four fiscal years including the municipality's most recently completed fiscal year, its current fiscal year adopted budget and the subsequent two fiscal years. On or before March thirty-first, two thousand eight and on or before March thirty-first in each year thereafter through and including two thousand eleven, the chief elected official of such municipality shall submit written certification to the director of the budget that such municipality has complied with the requirements of this subparagraph.

§ 5. Subparagraphs (I) and (ii) of paragraph I of subdivision 10 of Section 54 of the State Finance Law are amended to read as follows:

i. Payments. (i) In the state fiscal year commencing April first, two thousand seven and in each state fiscal year thereafter through and including the state fiscal year commencing April first, two thousand twenty-one, base level grants shall be paid in the same "on or before month and day" manner as: (1) paid in the state fiscal year commencing April first, two thousand six under the aid and incentives for municipalities program in effect at that time and appropriated in chapter fifty of the laws of two thousand six; or (2) set forth in part R of chapter fifty-six of the laws of two thousand four relating to unrestricted aid to certain cities.

(ii) In the state fiscal year commencing April first, two thousand seven and in each state fiscal year thereafter through and including the state fiscal year commencing April first, two thousand twenty-one, additional annual apportionments and per capita adjustments authorized in paragraphs d and e of this subdivision shall be paid on or before December fifteenth for cities with fiscal years beginning January first, on or before March fifteenth for all other cities, and for towns and villages, in the same "on or before month and day" manner as their base level grants are paid pursuant to subparagraph (i) of this paragraph.

§ 6. Subparagraph 1 of paragraph a of subdivision 4 of section 3602 of the Education Law, as amended by section 14 of part B of chapter 57 of the laws of 2008 is amended to read as follows:

(1) The foundation amount shall BE THE GREATER OF (I) THE FOUNDATION AMOUNT OF THE PRIOR YEAR ADJUSTED TO REFLECT THE PERCENTAGE INCREASE IN THE CONSUMER PRICE INDEX AS COMPUTED PURSUANT TO SECTION TWO THOUSAND TWENTY-TWO OF THIS CHAPTER, or (II) AN AMOUNT DETERMINED BY THE COMMISSIONER TO reflect the average per pupil cost of general education instruction in
successful school districts, as determined by a statistical analysis COMPLETED BY THE
COMMISSIONER of the costs of special education and general education in successful school
districts, WITH UPDATES OF THAT STATISTICAL ANALYSIS TO BE COMPLETED BY
THE COMMISSIONER IN TIME TO BE SUBMITTED TO THE GOVERNOR AND THE
LEGISLATURE BY DECEMBER FIRST OF TWO THOUSAND NINE AND BY
DECEMBER FIRST OF EVERY FOURTH YEAR THEREAFTER provided that BETWEEN
SUCH UPDATES OF SUCH STATISTICAL ANALYSIS, the foundation amount shall be
adjusted annually to reflect the percentage increase in the consumer price index as computed
pursuant to section two thousand twenty-two of this chapter, provided that for the two thousand
eight--two thousand nine school year, for the purpose of such adjustment, the percentage
increase in the consumer price index shall be deemed to be two and nine-tenths percent (0.029),
and provided further that the foundation amount for the two thousand seven--two thousand eight
school year shall be five thousand two hundred fifty-eight dollars, and provided further that for
the two thousand seven--two thousand eight through two thousand nine--two thousand ten school
years, such foundation amount shall be further adjusted by the phase-in foundation percent
established pursuant to paragraph b of this subdivision.

§ 7. Section 3602 of the Education Law is amended to add thereto a new subdivision 4-a to read
as follows:
4-a. SCHOOL PROPERTY TAX REDUCTION AID. 1. DURING THE SCHOOL YEAR
COMMENCING ON JULY FIRST TWO THOUSAND TWELVE, AND DURING EACH
SUCH YEAR THEREAFTER PRIOR TO THE SCHOOL YEAR COMMENCING ON JULY
FIRST, TWO THOUSAND TWENTY-TWO, THERE SHALL BE PAID TO EACH SCHOOL
DISTRICT THAT (A) RECEIVES FOUNDATION AID PURSUANT TO SUBDIVISION 4 OF
THIS SECTION AND (B) WHOSE FOUNDATION AID APPORTIONMENT FOR SUCH
SCHOOL YEAR IS LESS THAN AN AMOUNT EQUAL TO THE PRODUCT OF ITS
TOTAL AIDABLE FOUNDATION PUPIL UNITS MULTIPLIED BY ITS ADJUSTED
FOUNDATION AMOUNT PER PUPIL, AN AMOUNT OF PROPERTY TAX REDUCTION
AID EQUAL TO THE TOTAL STATEWIDE PROPERTY TAX REDUCTION AMOUNT
FOR SUCH SCHOOL YEAR MULTIPLIED BY THE FRACTION DETERMINED BY
DIVIDING THAT DISTRICT’S FOUNDATION AID APPORTIONMENT FOR SUCH
SCHOOL YEAR BY THE FOUNDATION AID APPORTIONMENTS OF ALL SUCH
ELIGIBLE SCHOOL DISTRICTS PROVIDED, HOWEVER, THAT THE MAXIMUM
AMOUNT OF PROPERTY TAX REDUCTION AID THAT ANY DISTRICT MAY RECEIVE
IN ANY SCHOOL YEAR SHALL BE THE DIFFERENCE BETWEEN AN AMOUNT
EQUAL TO THE PRODUCT OF ITS TOTAL AIDABLE FOUNDATION PUPIL UNITS
MULTIPLIED BY ITS ADJUSTED FOUNDATION AMOUNT PER PUPIL AND THE
DISTRICT’S FOUNDATION AID APPORTIONMENT FOR SUCH SCHOOL YEAR.

2. THE TOTAL STATEWIDE PROPERTY TAX REDUCTION AMOUNT FOR THE
SCHOOL YEAR COMMENCING ON JULY FIRST TWO THOUSAND TWELVE SHALL
BE SIX HUNDRED MILLION DOLLARS.

3. THE TOTAL STATEWIDE PROPERTY TAX REDUCTION AMOUNT FOR EACH
SCHOOL YEAR COMMENCING ON OR AFTER JULY FIRST TWO THOUSAND
THIRTEEN AND ON OR BEFORE JULY FIRST TWO THOUSAND TWENTY-ONE
THEREAFTER SHALL BE THE PROPERTY TAX REDUCTION AMOUNT FOR THE
PRIOR SCHOOL YEAR PLUS SIX HUNDRED MILLION DOLLARS.

§ 8. Section 1 of part C of chapter 58 of the laws of 2005, amending the public health law and
other laws relating to implementing the state fiscal plan for the 2005--2006 state fiscal year, as
amended by chapter 161 of the laws of 2005 and chapter 57 of the laws of 2006, is amended by
adding thereto a new subdivision __ to read as follows:

(_)_ (I) IN ADDITION TO THE REIMBURSEMENTS PROVIDED BY THE DEPARTMENT
OF HEALTH FOR EXPENDITURES MADE BY OR ON BEHALF OF SOCIAL SERVICES
DISTRICTS FOR MEDICAL ASSISTANCE FOR NEEDY PERSONS PURSUANT TO
OTHER PROVISIONS OF THIS SECTION DURING THE STATE FISCAL YEAR
COMMENCING ON APRIL FIRST, TWO THOUSAND TWELVE, AND DURING EACH
SUCH YEAR THEREAFTER PRIOR TO THE STATE FISCAL YEAR COMMENCING ON
APRIL FIRST, TWO THOUSAND TWENTY-TWO, ADDITIONAL REIMBURSEMENTS
SHALL BE PROVIDED TO THOSE DISTRICTS WHOSE REIMBURSEMENTS
Pursuant to those other provisions are less than the
reimbursements that would have been made for such purposes if the
social services district medical assistance shares provisions in
effect on January 1, 2005 had been based on the special state
supplemental medical assistance percentage as defined in
paragraph (II) of this subdivision and had those provisions been
applied during such fiscal years commencing on and after April
first, two thousand twelve. The amounts available for such
additional reimbursements shall be apportioned among the
individual social services districts based on each such district's
share of the total amount by which the reimbursements to all such
districts are less than the reimbursements that would have been
made for such purposes if the social services district medical
assistance shares provisions in effect on January 1, 2005 had been
based on the special state supplemental medical assistance
percentage as defined in paragraph (II) of this subdivision and had
those provisions been applied during such fiscal years commencing
on and after April first, two thousand twelve.

(II) THE TERM ``SPECIAL STATE SUPPLEMENTAL MEDICAL ASSISTANCE
PERCENTAGE'' FOR ANY LOCAL SOCIAL SERVICE DISTRICT SHALL BE 100 PER
CENTUM LESS THE LOCAL DISTRICT PERCENTAGE; AND THE LOCAL DISTRICT
PERCENTAGE SHALL BE THAT PERCENTAGE WHICH BARES THE SAME RATIO TO
45 PER CENTUM AS THE SQUARE OF THE PER CAPITA INCOME OF SUCH LOCAL
DISTRICT BEARS TO THE SQUARE OF THE PER CAPITA INCOME OF THE NEW
YORK STATE; EXCEPT THAT THE SPECIAL STATE SUPPLEMENTAL MEDICAL
ASSISTANCE PERCENTAGE SHALL IN NO CASE BE LESS THAN 60 PER CENTUM OR
MORE THAN 83 PER CENTUM. THE SPECIAL STATE SUPPLEMENTAL MEDICAID
ASSISTANCE PERCENTAGE AND THE LOCAL DISTRICT PERCENTAGE SHALL BE APPLIED TO THE PORTION OF MEDICAL ASSISTANCE COSTS NOT REIMBURSED BY THE FEDERAL GOVERNMENT. THE COMMISSIONER OF HEALTH SHALL DETERMINE THESE PERCENTAGES ANNUALLY USING THE LATEST ESTIMATES OF PER CAPITA INCOME FOR NEW YORK COUNTIES FROM THE UNITED STATES BUREAU OF ECONOMIC ANALYSIS AND USING THE SAME METHODOLOGY USED BY THE UNITED STATES SECRETARY OF HEALTH AND HUMAN SERVICES IN ANNUALLY DETERMINING THE FEDERAL MEDICAID ASSISTANCE PERCENTAGE FOR EACH STATE.

(III) THE AMOUNT TO BE AVAILABLE FOR THE ADDITIONAL REIMBURSEMENTS AUTHORIZED BY THIS SUBDIVISION SHALL BE ONE HUNDRED MILLION DOLLARS DURING THE STATE FISCAL YEAR COMMENCING ON APRIL FIRST, TWO THOUSAND TWELVE. THE AMOUNT TO BE AVAILABLE FOR SUCH ADDITIONAL REIMBURSEMENTS SHALL BE INCREASED ANNUALLY BY ONE HUNDRED MILLION DOLLARS UNTIL THE STATE FISCAL YEAR COMMENCING ON APRIL FIRST, TWO THOUSAND TWENTY-ONE, WHEN ONE BILLION DOLLARS SHALL BE AVAILABLE FOR SUCH ADDITIONAL REIMBURSEMENTS.

§ 9. (a) Before January 1, 2010, and before the first day of January every other year thereafter, the commissioner of taxation and finance and the director of the office of real property services shall report to the legislature and the governor on the overall incidence of local property taxes and the commissioner of taxation and finance shall report to the governor and the legislature on the overall incidence of any state tax generating more than 2.5 percent of state tax revenue in the prior fiscal year. These analyses shall report on the distribution of the tax burden for the taxes included in the report. The periodic report on the incidence of the local property tax shall also examine the distributional impact of the items of income included in the definition of household income for purposes of the circuit breaker and other property tax relief programs established by state law.

(b) At the request of the chair of a committee of the senate or the assembly, to which has been referred a bill or resolution to change the an aspect of the tax system that would increase, decrease, or redistribute tax by more than $20 million, the commissioner of taxation and finance, as requested, shall prepare an incidence impact analysis of the bill or resolution. The analysis shall report on the incidence effects that would result if the bill or resolution were enacted.

(c) To the extent data is available, the incidence impact analysis under subdivisions (a) and (b) of this section:
(1) shall evaluate the tax burden:
(A) on the overall income distribution, using a systemwide incidence measure or other appropriate measures of equality and inequality; and
(B) on income classes, including, at a minimum, quintiles of the income distribution, on renters and homeowners, on industry or business classes, as appropriate, and on various types of business organizations;
(2) may evaluate the tax burden:
(A) by other appropriate taxpayer characteristics, such as whether the taxpayer is a farmer, rancher, retired elderly, or resident or nonresident of the state; and
(B) by distribution of impact on consumers, labor, capital, and out-of-state persons and entities;
(3) shall evaluate the effect of each tax on total income by income group; and
(4) shall:
(A) use the broadest measure of economic income for which reliable data is available; and
(B) include a statement of the incidence assumptions that were used in making the analysis.

§ 10. There is hereby established a tax reform study commission to provide the governor and the legislature with a long run plan for reforming the state-local tax system. The commission shall consist of five members appointed by the governor, four members each appointed by the speaker of the assembly and the temporary president of the senate, and one member each appointed by the minority leader of the senate and the minority leader of the assembly In addition, on or before the first day of January of two thousand eleven, the commission shall provide the governor and the legislature with recommendations on any changes that should be made in the definitions of income used in the various property tax relief programs authorized by laws of the state of New York. Such recommendations shall be based on an examination of such laws and of such laws in other states. In preparing such recommendations, the tax reform study commission shall review the first study of the incidence of New York's state-local tax system completed in accordance with section nine of this act to review the distributional impact of the items of income included in the definition of household income for purposes of the circuit breaker and other property tax relief programs established by state law and make recommendations to the governor and the legislature for any changes in any of these definitions that the commission deems appropriate. The commissioner of taxation and finance and the director of the office of real property services shall provide the commission with such data and analysis as it may require.

§ 11. This act shall take effect immediately.