

## The New York Times

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# *James H. Tully Jr., Former New York State Tax Chief, Dies at 87*

By **Sam Roberts**

June 18, 2018

James H. Tully Jr., a former New York finance commissioner who challenged neighboring states for siphoning off New York revenue, pursued corporations that took tax deductions for bribes they had paid, and helped New York City recover from its fiscal crisis, died on June 10 in Albany. He was 87.

The cause was non-Hodgkin's lymphoma, his son, James, said.

Mr. Tully was the New York State commissioner of taxation and finance from 1975 to 1982. He presided during New York City's fiscal crisis, becoming, in effect, the custodian of the city's sales tax revenue. That money had been pledged to pay the debt of the Municipal Assistance Corporation, an agency created to borrow funds on behalf of New York City after major banks had refused to give it any more loans.

Mr. Tully was appointed by Gov. Hugh L. Carey, a Brooklyn neighbor and friend. Mr. Tully had been chairman of Citizens for Carey, a campaign committee that helped elect him governor in 1974.

In naming him to the post, Mr. Carey, a Democrat, had demanded more vigorous enforcement of the state's tax laws, and Mr. Tully faithfully followed his mandate, starting with the governor himself: He billed him \$572.33 in back state and city income taxes for the free rides his children had taken on a state-owned aircraft.

In a joint investigation with the state attorney general, Mr. Tully's office also lodged charges against Martin Carey, the governor's brother, for evading about \$122,000 in sales taxes on gasoline sold at a chain of gas stations he once controlled on Long Island. But in 1983, a state court ruled that Mr. Carey could not be prosecuted because he had been granted immunity for testifying about the investigation before a grand jury in 1980.

Earlier, Mr. Tully's office found that a number of corporations based in New York that been investigated by the federal authorities for paying foreign officials bribes and kickbacks had then deducted those payments from their state taxes.



Mr. Tully with his wife, Eileen Tully, was sworn in as New York State commissioner of taxation and finance in 1975. From left were Mario M. Cuomo, who was New York's secretary of state at the time, and Mr. Carey. William Sievert

Mr. Tully, in announcing that the state had recouped millions of dollars, estimated that about a fourth of the companies had voluntarily paid the taxes and penalties once the investigation had begun.

In 1982, Connecticut tax officials agreed to let New York audit Connecticut companies in a crackdown on businesses that sold goods to out-of-state residents without collecting sales taxes. Connecticut officials were similarly empowered to audit New York companies.

In 1983 under Mr. Tully, New York won a lawsuit against a New Jersey tax on New Yorkers who commuted to jobs in New Jersey. That state's highest court ruled that the tax interfered with New Yorkers' "constitutionally protected right to pursue an occupation outside their home state."

New Jersey imposed the tax to offset the cost of New York riders on its transit system, but the court said that their impact was minimal. Because New York grants residents a credit on taxes paid elsewhere, New Jersey, in effect, was raiding New York's revenue, the court said.

James Henry Tully Jr. was born in Brooklyn on May 19, 1931, to James Sr., a lawyer, and Mary (Dobbins) Tully. He graduated from Georgetown University and New York Law School, practiced law in a Midtown Manhattan firm, where he specialized in estate taxes, and served briefly in the New York State Assembly.

He retired last year as a member of the New York State Tax Appeals Tribunal, of which he had previously served as president. The tribunal adjudicates grievances by the public. He died at Albany Medical Center.

Besides his son, Mr. Tully is survived by his wife, Eileen (Conway) Tully; their daughters, Anne Murphy, Dr. Lauren Tully, Susan Tully Abdo and Kathleen Cronin; a sister, Dr. Marie Louise Johnson; his brothers Martin, William and Dr. Robert Tully; and 10 grandchildren.

A version of this article appears in print on June 19, 2018, on Page A21 of the New York edition with the headline: James H. Tully Jr., 87, State Finance Chief Who Aided City's Recovery in Fiscal Crisis