

7688

I N S E N A T E

May 12, 2016

Introduced by Sen. GALLIVAN -- read twice and ordered printed, and when printed to be committed to the Committee on Investigations and Government Operations

AN ACT to amend the tax law, in relation to authorizing the creation of small business tax-deferred savings accounts

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. Paragraph (a) of subdivision 9 of section 208 of the tax
2 law is amended by adding a new subparagraph 20 to read as follows:
3 (20) ANY DEPOSIT MADE BY A SMALL BUSINESS AS DEFINED IN SECTION ONE
4 HUNDRED THIRTY-ONE OF THE ECONOMIC DEVELOPMENT LAW INTO A SMALL BUSINESS
5 TAX-DEFERRED SAVINGS ACCOUNT MAINTAINED BY A BANKING ORGANIZATION AS
6 DEFINED IN SUBDIVISION ELEVEN OF SECTION TWO OF THE BANKING LAW AND
7 ESTABLISHED FOR THE PURPOSES OF IMPROVING THE FACILITIES OF SUCH BUSI-
8 NESS OR FOR PROCUREMENT OF MACHINERY OR EQUIPMENT OR ANY INTEREST EARNED
9 ON ANY SMALL BUSINESS TAX-DEFERRED SAVINGS ACCOUNT.
10 S 2. Subdivision 9 of section 208 of the tax law is amended by adding
11 a new paragraph (c-4) to read as follows:
12 (C-4) ENTIRE NET INCOME SHALL INCLUDE ANY WITHDRAWAL EXCLUSIVE OF
13 INTEREST INCOME MADE BY A SMALL BUSINESS AS DEFINED IN SECTION ONE
14 HUNDRED THIRTY-ONE OF THE ECONOMIC DEVELOPMENT LAW FROM A SMALL BUSINESS
15 TAX-DEFERRED SAVINGS ACCOUNT MAINTAINED BY A BANKING ORGANIZATION AS
16 DEFINED IN SUBDIVISION ELEVEN OF SECTION TWO OF THE BANKING LAW AND
17 ESTABLISHED FOR THE PURPOSES OF IMPROVING THE FACILITIES OF SUCH BUSI-
18 NESS OR FOR PROCUREMENT OF MACHINERY OR EQUIPMENT AND AN ADDITIONAL TEN
19 PERCENT OF ANY WITHDRAWALS EXCLUSIVE OF INTEREST INCOME FROM THE SMALL
20 BUSINESS TAX-DEFERRED SAVINGS ACCOUNT NOT USED FOR IMPROVING THE FACILI-
21 TIES OF SUCH BUSINESS OR FOR PROCUREMENT OF MACHINERY OR EQUIPMENT.
22 S 3. Subsection (b) of section 612 of the tax law is amended by adding
23 a new paragraph 43 to read as follows:
24 (43) ANY WITHDRAWAL EXCLUSIVE OF INTEREST INCOME MADE BY A SMALL BUSI-
25 NESS AS DEFINED IN SECTION ONE HUNDRED THIRTY-ONE OF THE ECONOMIC DEVEL-
26 OPMENT LAW FROM A SMALL BUSINESS TAX-DEFERRED SAVINGS ACCOUNT MAINTAINED
27 BY A BANKING ORGANIZATION AS DEFINED IN SUBDIVISION ELEVEN OF SECTION

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets
[] is old law to be omitted.

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1 TWO OF THE BANKING LAW AND ESTABLISHED FOR THE PURPOSES OF IMPROVING THE
2 FACILITIES OF SUCH BUSINESS OR FOR PROCUREMENT OF MACHINERY OR EQUIPMENT
3 AND AN ADDITIONAL TEN PERCENT OF ANY WITHDRAWALS EXCLUSIVE OF INTEREST
4 INCOME FROM THE SMALL BUSINESS TAX-DEFERRED SAVINGS ACCOUNT NOT USED FOR
5 IMPROVING THE FACILITIES OF SUCH BUSINESS OR FOR PROCUREMENT OF MACHIN-
6 ERY OR EQUIPMENT.

7 S 4. Subsection (c) of section 612 of the tax law is amended by adding
8 a new paragraph 44 to read as follows:

9 (44) ANY DEPOSIT MADE BY A SMALL BUSINESS AS DEFINED IN SECTION ONE
10 HUNDRED THIRTY-ONE OF THE ECONOMIC DEVELOPMENT LAW INTO A SMALL BUSINESS
11 TAX-DEFERRED SAVINGS ACCOUNT MAINTAINED BY A BANKING ORGANIZATION AS
12 DEFINED IN SUBDIVISION ELEVEN OF SECTION TWO OF THE BANKING LAW AND
13 ESTABLISHED FOR THE PURPOSES OF IMPROVING THE FACILITIES OF SUCH BUSI-
14 NESS OR FOR PROCUREMENT OF MACHINERY OR EQUIPMENT OR ANY INTEREST EARNED
15 ON ANY SMALL BUSINESS TAX-DEFERRED SAVINGS ACCOUNT.

16 S 5. This act shall take effect immediately and shall apply to taxable
17 years beginning on or after January 1, 2017.