

STATE OF NEW YORK

5922

2017-2018 Regular Sessions

IN ASSEMBLY

February 17, 2017

Introduced by M. of A. KOLB, BUTLER, STEC, DiPIETRO -- Multi-Sponsored by -- M. of A. BARCLAY, BLANKENBUSH, CROUCH, CURRAN, FINCH, FITZPATRICK, GIGLIO, GOODELL, GRAF, HAWLEY, JOHNS, McKEVITT, McLAUGHLIN, MONTESANO, OAKS, PALMESANO, RAIA -- read once and referred to the Committee on Ways and Means

AN ACT to amend the general municipal law, in relation to establishing the New York state cornerstone program; and to repeal article 18-B of such law relating thereto (Part A); to amend the general municipal law and the tax law, in relation to establishing the New York state discovery program (Part B); and to amend the tax law, in relation to net income base and in relation to certain taxes (Part C)

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. This act enacts into law components of legislation relating
2 to the "New York state cornerstone program and the New York state
3 discovery program". Each component is wholly contained within a Part
4 identified as Parts A through C. The effective date for each particular
5 provision contained within such Part is set forth in the last section of
6 such Part. Any provision in any section contained within a Part, includ-
7 ing the effective date of the Part, which makes reference to a section
8 "of this act", when used in connection with that particular component,
9 shall be deemed to mean and refer to the corresponding section of the
10 Part in which it is found. Section three of this act sets forth the
11 general effective date of this act.

12 § 1-a. Statement of legislative findings and declaration. It is here-
13 by found and declared that there exists within the state high unemploy-
14 ment, limited new job creation, a dependence on public assistance
15 income, insufficient support for industrial and commercial businesses,
16 and unnecessarily high taxes. These severe conditions require state
17 government to target certain industries in order to stimulate private
18 investment, private business development and job creation. It should be

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

LBD08139-01-7

1 the public policy of the state to help promote the development of new
2 businesses, rather than deter them with punitive regulation and exces-
3 sive taxes. It is further found and declared that it is the public poli-
4 cy of the state to achieve these goals through the mutual cooperation of
5 all levels of state and local government, the business community and
6 academic institutions.

7 PART A

8 Section 1. Article 18-B of the general municipal law is REPEALED.

9 § 2. The general municipal law is amended by adding a new article 18-B
10 to read as follows:

11 ARTICLE 18-B

12 NEW YORK STATE CORNERSTONE PROGRAM

13 Section 955. New York cornerstone program established.

14 956. Responsibilities of the commissioner.

15 957. Cornerstone development board.

16 958. Reporting requirements.

17 § 955. New York cornerstone program established. There is hereby
18 established the New York cornerstone program.

19 § 956. Responsibilities of the commissioner. 1. The commissioner of
20 economic development shall, in consultation with the director of the
21 budget, the commissioner of labor, and the commissioner of taxation and
22 finance, promulgate rules and regulations, which, notwithstanding any
23 provisions to the contrary in the state administrative procedure act,
24 may be adopted on an emergency basis, relating to:

25 (a) the application process;

26 (b) defining types of businesses eligible, including but not limited
27 to manufacturing, high-tech, bio-tech, clean-tech and agri-business;

28 (c) limiting businesses to ten years of participation;

29 (d) certification by the commissioner for eligibility of business
30 enterprises for benefits referred to in this article. Criteria for
31 certification shall include, but not be limited to:

32 (i) requiring a business to have been operational in New York state
33 for at least ten consecutive years prior to applying to the cornerstone
34 program;

35 (ii) requiring a business to show proof that they will have to lower
36 employment levels without certification in the program;

37 (iii) requiring a business to commit to maintaining or increasing
38 current employment levels to qualify for tax benefits;

39 (iv) whether certification will have the undesired effect of causing
40 individuals to transfer from existing employment with another business
41 enterprise to similar employment with the business enterprise so certi-
42 fied, and transferring existing employment from one or more other muni-
43 cipalities, towns or villages in the state;

44 (v) whether such enterprise is likely to enhance the economic climate
45 of the state; and

46 (vi) whether the commissioner of labor establishes that such business
47 enterprise, during the ten years preceding the submission of an applica-
48 tion for certification, has engaged in a substantial violation or a
49 pattern of violations of laws regulating unemployment insurance, work-
50 ers' compensation, public work, child labor, employment of minorities
51 and women, safety and health, or other laws for the protection of work-
52 ers as determined by final judgment of a judicial or administrative
53 proceeding.

1 2. The commissioner of economic development shall, in consultation
2 with the director of the budget, the commissioner of labor, and the
3 commissioner of taxation and finance, establish a cost benefit analysis.

4 3. The commissioner of economic development shall, in consultation
5 with the director of the budget, the commissioner of labor, and the
6 commissioner of taxation and finance, establish a program and propose
7 legislation granting tax exemptions previously applicable to empire
8 zones for business enterprises eligible under the cornerstone program
9 established pursuant to this article, to the governor and legislature
10 within one hundred eighty days from the effective date of this article.

11 § 957. Cornerstone development board. 1. The cornerstone development
12 board is hereby created.

13 2. Such board shall consist of the commissioner of taxation and
14 finance, the director of the budget, the commissioner of labor and two
15 members to be appointed by the governor; one member to be appointed by
16 the temporary president of the senate; one member to be appointed by the
17 speaker of the assembly; one member to be appointed by the minority
18 leader of the senate and one member to be appointed by the minority
19 leader of the assembly.

20 3. The governor shall designate from among the voting members the
21 chair of the board. Each member of the board shall be entitled to desig-
22 minate a representative to attend meetings of the board in his or her
23 place, and to vote or otherwise act on his or her behalf in his or her
24 absence.

25 4. Notice of such designation shall be furnished in writing to the
26 board by the designating member.

27 5. A representative shall serve at the pleasure of the designating
28 member.

29 6. A representative shall not be authorized to delegate any of his or
30 her duties or functions to any other person.

31 § 958. Reporting requirements. 1. The department of audit and
32 control, the department of taxation and finance and the department of
33 economic development shall prepare reports on the management and the
34 economic and fiscal impact of the cornerstone program.

35 2. The analysis of the fiscal and economic impact of the program shall
36 include, but not be limited to: a review of the cost of providing the
37 tax benefits referred to in this article; progress of the program;
38 number of tax credits claimed by each certified business; number of jobs
39 created and/or retained by each business and all other information
40 requested and not prohibited by law.

41 3. Such reports shall be transmitted to the governor and the legisla-
42 ture by September first, two thousand eighteen and every year thereafter
43 and shall be posted online for full public disclosure.

44 § 3. This act shall take effect immediately; provided, however, that
45 any rules and regulations necessary to carry out the provisions of this
46 act shall be promulgated before such effective date.

47 PART B

48 Section 1. This act shall be known and may be cited as the "New York
49 state discovery act".

50 § 2. The general municipal law is amended by adding a new article
51 18-D to read as follows:

52 ARTICLE 18-D

53 NEW YORK STATE DISCOVERY PROGRAM

54 Section 972. New York state discovery program.

1 973. Job development fund.

2 § 972. New York state discovery program. 1. The New York state discov-
3 ery program is hereby established.

4 2. The commissioner of economic development shall, after consultation
5 with the director of the budget, the commissioner of labor, and the
6 commissioner of taxation and finance, promulgate rules and regulations,
7 which, notwithstanding any provisions to the contrary in the state
8 administrative procedure act, may be adopted on an emergency basis,
9 relating to:

10 (a) the application process;

11 (b) defining types of businesses eligible, including but not limited
12 to manufacturing, high-tech, bio-tech, clean-tech and agri-business;

13 (c) limiting businesses to ten years of participation;

14 (d) certification by the commissioner of economic development as to
15 the eligibility of business enterprises for benefits referred to in this
16 section, which shall be governed by criteria including, but not limited
17 to:

18 (i) requiring an eligible business to be a start-up business, or a
19 business operating in the state for two years or less;

20 (ii) a business must offer internships to local high school students,
21 BOCES students and college students per a plan developed by the commis-
22 sioner of economic development;

23 (iii) a business must commit to increasing current employment levels
24 to qualify for tax benefits;

25 (iv) whether certification will have the undesired effect of causing
26 individuals to transfer from existing employment with another business
27 enterprise to similar employment with the business enterprise so certi-
28 fied, and transferring existing employment from one or more other muni-
29 cipalities, towns or villages in the state;

30 (v) whether such enterprise is likely to enhance the economic climate
31 of the state;

32 (vi) whether the commissioner of labor establishes that such business
33 enterprise, during the two years preceding the submission of an applica-
34 tion for certification, has engaged in a substantial violation or a
35 pattern of violations of laws regulating unemployment insurance, work-
36 ers' compensation, public work, child labor, employment of minorities
37 and women, safety and health, or other laws for the protection of work-
38 ers as determined by final judgment of a judicial or administrative
39 proceeding; and

40 (vii) whether such business meets the requirements of the cost benefit
41 analysis as established by the commissioner of economic development.

42 3. The department of audit and control, the department of taxation and
43 finance and the department of economic development shall prepare reports
44 on the management and the economic and fiscal impact of the discovery
45 program. The analysis of the fiscal and economic impact of the program
46 shall include, but not be limited to: a review of the cost of providing
47 the tax benefits referred to in this article; progress of the program;
48 number of tax credits claimed by each certified business; number of jobs
49 created by each business and all other information requested and not
50 prohibited by law. Such reports shall be transmitted to the governor and
51 the legislature by September first, two thousand nineteen and every year
52 thereafter and shall be posted online for full public disclosure.

53 4. The department of economic development shall provide grants of up
54 to two thousand dollars for every internship developed under this
55 program, to be paid for out of the job development fund established
56 pursuant to this article. Such grant allocations shall be divided evenly

1 between the certified business and the corresponding institution of
2 higher education to cover costs associated with the development of such
3 internships.

4 § 973. Job development fund. 1. There is hereby established in the
5 joint custody of the commissioner of taxation and finance and the state
6 comptroller a fund to be known as the "job development fund".

7 2. The fund shall consist of monies appropriated for the division of
8 science, technology and innovation.

9 3. Moneys of the fund shall be expended for the purposes of carrying
10 out the provisions of section nine hundred seventy-two of this article.
11 Moneys shall be paid out of the fund on the audit and warrant of the
12 state comptroller on vouchers approved by the division of science, tech-
13 nology and innovation. Any interest received by the comptroller on
14 moneys on deposit in the job development fund shall be retained in and
15 become part of such fund.

16 § 3. The tax law is amended by adding a new section 15-a to read as
17 follows:

18 § 15-a. Discovery zone property tax credit. For a business enterprise
19 which is first certified under section nine hundred seventy-two of the
20 general municipal law on or after July first, two thousand eighteen, the
21 credit shall be for a period of ten years and shall not exceed thirty
22 percent of the eligible real property taxes paid in the current taxable
23 year of eligibility.

24 § 4. Section 210-B of the tax law is amended by adding two new subdivi-
25 sions 52 and 53 to read as follows:

26 52. Discovery investment credit. (a) A taxpayer shall be allowed a
27 credit, to be computed as hereinafter provided, against the tax imposed
28 by this article where the taxpayer has been certified pursuant to
29 section nine hundred seventy-two of the general municipal law. The
30 amount of such credit shall be twenty percent of the cost or other basis
31 for federal income tax purposes of tangible personal property and other
32 tangible property, including buildings and structural components of
33 buildings, described in paragraph (b) of this subdivision, but only if
34 the acquisition, construction, reconstruction or erection of such prop-
35 erty occurred or was commenced on or after the date of such designation
36 and prior to the expiration thereof. Provided, however, that in the case
37 of an acquisition, construction, reconstruction or erection which was
38 commenced during such period and continued or completed subsequently,
39 the credit shall be twenty percent of the portion of the cost or other
40 basis for federal income tax purposes attributable to such period, which
41 portion shall be ascertained by multiplying such cost or basis by a
42 fraction the numerator of which shall be the expenditures paid or
43 incurred during such period for such purposes and the denominator of
44 which shall be the total of all expenditures paid or incurred for such
45 acquisition, construction, reconstruction or erection.

46 (b) A credit shall be allowed under this subdivision with respect to
47 tangible personal property and other tangible property, including build-
48 ings and structural components of buildings which: (1) are depreciable
49 pursuant to section one hundred sixty-seven of the Internal Revenue
50 Code, (2) have a useful life of four years or more, (3) are acquired by
51 purchase as defined in section one hundred seventy-nine (d) of the
52 Internal Revenue Code, and (4) are (i) principally used by the taxpayer
53 in the production of goods by manufacturing, processing, assembling,
54 refining, mining, extracting, farming, agriculture, horticulture, flori-
55 culture, viticulture or commercial fishing, (ii) industrial waste treat-
56 ment facilities or air pollution control facilities used in the taxpay-

1 er's trade or business, (iii) research and development property, (iv)
2 principally used in the ordinary course of the taxpayer's trade or busi-
3 ness as a broker or dealer in connection with the purchase or sale
4 (which shall include but not be limited to the issuance, entering into,
5 assumption, offset, assignment, termination, or transfer) of stocks,
6 bonds or other securities as defined in section four hundred seventy-
7 five (c)(2) of the Internal Revenue Code, or of commodities as defined
8 in section four hundred seventy-five (e) of the Internal Revenue Code,
9 or (v) principally used in the ordinary course of the taxpayer's trade
10 or business of providing investment advisory services for a regulated
11 investment company as defined in section eight hundred fifty-one of the
12 Internal Revenue Code, or lending, loan arrangement or loan origination
13 services to customers in connection with the purchase or sale (which
14 shall include but not be limited to the issuance, entering into, assump-
15 tion, offset, assignment, termination, or transfer) of securities as
16 defined in section four hundred seventy-five (c)(2) of the Internal
17 Revenue Code. For purposes of clauses (iv) and (v) of this subparagraph,
18 property purchased by a taxpayer affiliated with a regulated broker,
19 dealer or registered investment adviser is allowed a credit under this
20 subdivision if the property is used by its affiliated regulated broker,
21 dealer or registered investment adviser in accordance with this subdivi-
22 sion. For purposes of determining if the property is principally used in
23 qualifying uses, the uses by the taxpayer described in clauses (iv) and
24 (v) of this subparagraph may be aggregated. In addition, the uses by the
25 taxpayer, its affiliated regulated broker, dealer, and registered
26 investment adviser under either or both of those clauses may be aggre-
27 gated. Provided, however, a taxpayer shall not be allowed the credit
28 provided by clauses (iv) and (v) of this subparagraph unless (I) eighty
29 percent or more of the employees performing the administrative and
30 support functions resulting from or related to the qualifying uses of
31 such equipment are located in this state, or (II) the average number of
32 employees that perform the administrative and support functions result-
33 ing from or related to the qualifying uses of such equipment and are
34 located in this state during the taxable year for which the credit is
35 claimed is equal to or greater than ninety-five percent of the average
36 number of employees that perform these functions and are located in this
37 state during the thirty-six months immediately preceding the year for
38 which the credit is claimed, or (III) the number of employees located in
39 this state during the taxable year for which the credit is claimed is
40 equal to or greater than ninety percent of the number of employees
41 located in this state on December thirty-first, nineteen hundred nine-
42 ty-eight or, if the taxpayer was not a calendar year taxpayer in nine-
43 teen hundred ninety-eight, the last day of its first taxable year ending
44 after December thirty-first, nineteen hundred ninety-eight. If the
45 taxpayer becomes subject to tax in this state after the taxable year
46 beginning in nineteen hundred ninety-eight, then the taxpayer is not
47 required to satisfy the employment test provided in the preceding
48 sentence of this subparagraph for its first taxable year. For purposes
49 of item (III) of this clause, the employment test will be based on the
50 number of employees located in this state on the last day of the first
51 taxable year the taxpayer is subject to tax in this state. If the uses
52 of the property must be aggregated to determine whether the property is
53 principally used in qualifying uses, then either each affiliate using
54 the property must satisfy this employment test or this employment test
55 must be satisfied through the aggregation of the employees of the
56 taxpayer, its affiliated regulated broker, dealer, and registered

1 investment adviser using the property. For purposes of this subdivision,
2 the term "goods" shall not include electricity. For purposes of this
3 paragraph, manufacturing shall mean the process of working raw materials
4 into wares suitable for use or which gives new shapes, new quality or
5 new combination to matter which already has gone through some artificial
6 process by the use of machinery, tools, appliances and other similar
7 equipment. Property used in the production of goods shall include
8 machinery, equipment or other tangible property which is principally
9 used in the repair and service of other machinery, equipment or other
10 tangible property used principally in the production of goods and shall
11 include all facilities used in the production operation, including stor-
12 age of material to be used in production and of the products that are
13 produced. For purposes of this paragraph, the terms "industrial waste
14 treatment facilities", "air pollution control facilities" and "research
15 and development property" shall have the meanings ascribed thereto by
16 clauses (ii) and (iii), respectively, of subparagraph four of this para-
17 graph, and the provisions of subparagraph three of this paragraph shall
18 apply.

19 (c) A taxpayer shall not be allowed a credit under this subdivision
20 with respect to any tangible personal property and other tangible prop-
21 erty, including buildings and structural components of buildings, which
22 it leases to any other person or corporation except where a taxpayer
23 leases property to an affiliated regulated broker, dealer, or registered
24 investment adviser that uses such property in accordance with clause
25 (iv) or (v) of subparagraph four of paragraph (b) of this subdivision.
26 For purposes of the preceding sentence, any contract or agreement to
27 lease or rent or for a license to use such property shall be considered
28 a lease. Provided, however, in determining whether a taxpayer shall be
29 allowed a credit under this subdivision with respect to such property,
30 any election made with respect to such property pursuant to the
31 provisions of paragraph eight of subsection (f) of section one hundred
32 sixty-eight of the Internal Revenue Code, as such paragraph was in
33 effect for agreements entered into prior to January first, nineteen
34 hundred eighty-four, shall be disregarded.

35 (d) If the amount of credit allowed under this subdivision for any
36 taxable year shall exceed the taxpayer's tax for such year, the excess
37 may be carried over to the following year or years and may be deducted
38 from the taxpayer's tax for such year or years. Any refund paid pursuant
39 to this paragraph shall be deemed to be a refund of an overpayment of
40 tax as provided in section six hundred eighty-six of this chapter,
41 provided, however, that no interest shall be paid thereon.

42 53. Discovery wage tax credit. (a) A taxpayer shall be allowed a cred-
43 it, to be computed as hereinafter provided, against the tax imposed by
44 this article, where the taxpayer has been certified pursuant to section
45 nine hundred seventy-two of the general municipal law. The amount of
46 such credit shall be as prescribed in paragraph (c) of this subdivision.

47 (b) "Discovery wages" means wages paid by the taxpayer for full-time
48 employment during a taxable year, provided that those wages are paid by
49 a certified business as defined by the commissioner of economic develop-
50 ment as required in his or her responsibilities.

51 (c) The credit provided in this subdivision shall be equal to the
52 product of the gross wages paid and six and eighty-five hundredths
53 percent for each net new job created during the taxable year.

54 (d) "Net new job" shall be defined as each job that exceeds the aver-
55 age number of individuals employed full-time by the taxpayer in the
56 previous taxable year.

1 (e) If the amount of this credit and carryovers of such credit allowed
2 under this subdivision for any taxable year shall exceed the taxpayer's
3 tax for such year, the excess, as well as any part of the credit or
4 carryovers of such credit, or both, which may not be deducted from the
5 tax otherwise due by reason of paragraph (c) of this subdivision, may be
6 carried over to the following year or years and may be deducted from the
7 taxpayer's tax for such year or years.

8 § 5. Section 606 of the tax law is amended by adding two new
9 subsections (j-2) and (j-3) to read as follows:

10 (j-2) Discovery investment credit. (1) A taxpayer shall be allowed a
11 credit, to be computed as hereinafter provided, against the tax imposed
12 by this article where the taxpayer has been certified pursuant to
13 section nine hundred seventy-two of the general municipal law. The
14 amount of such credit shall be twenty percent of the cost or other basis
15 for federal income tax purposes of tangible personal property and other
16 tangible property, including buildings and structural components of
17 buildings, described in paragraph two of this subsection, but only if
18 the acquisition, construction, reconstruction or erection of such prop-
19 erty occurred or was commenced on or after the date of such designation
20 and prior to the expiration thereof. Provided, however, that in the case
21 of an acquisition, construction, reconstruction or erection which was
22 commenced during such period and continued or completed subsequently,
23 the credit shall be twenty percent of the portion of the cost or other
24 basis for federal income tax purposes attributable to such period, which
25 portion shall be ascertained by multiplying such cost or basis by a
26 fraction the numerator of which shall be the expenditures paid or
27 incurred during such period for such purposes and the denominator of
28 which shall be the total of all expenditures paid or incurred for such
29 acquisition, construction, reconstruction or erection.

30 (2) A credit shall be allowed under this subsection with respect to
31 tangible personal property and other tangible property, including build-
32 ings and structural components of buildings which: (A) are depreciable
33 pursuant to section one hundred sixty-seven of the Internal Revenue
34 Code, (B) have a useful life of four years or more, (C) are acquired by
35 purchase as defined in section one hundred seventy-nine (d) of the
36 Internal Revenue Code, and (D) are (i) principally used by the taxpayer
37 in the production of goods by manufacturing, processing, assembling,
38 refining, mining, extracting, farming, agriculture, horticulture, flori-
39 culture, viticulture or commercial fishing, (ii) industrial waste treat-
40 ment facilities or air pollution control facilities used in the taxpay-
41 er's trade or business, (iii) research and development property, (iv)
42 principally used in the ordinary course of the taxpayer's trade or busi-
43 ness as a broker or dealer in connection with the purchase or sale
44 (which shall include but not be limited to the issuance, entering into,
45 assumption, offset, assignment, termination, or transfer) of stocks,
46 bonds or other securities as defined in section four hundred seventy-
47 five (c)(2) of the Internal Revenue Code, or of commodities as defined
48 in section four hundred seventy-five (e) of the Internal Revenue Code,
49 or (v) principally used in the ordinary course of the taxpayer's trade
50 or business of providing investment advisory services for regulated
51 investment company as defined in section eight hundred fifty-one of the
52 Internal Revenue Code, or lending, loan arrangement or loan origination
53 services to customers in connection with the purchase or sale (which
54 shall include but not be limited to the issuance, entering into, assump-
55 tion, offset, assignment, termination, or transfer) of securities as
56 defined in section four hundred seventy-five(c)(2) of the Internal

1 Revenue Code. For purposes of clauses (iv) and (v) of this subparagraph,
2 property purchased by a taxpayer affiliated with a regulated broker,
3 dealer or registered investment adviser is allowed a credit under this
4 subsection if the property is used by its affiliated regulated broker,
5 dealer or registered investment adviser in accordance with this
6 subsection. For purposes of determining if the property is principally
7 used in qualifying uses, the uses by the taxpayer described in clauses
8 (iv) and (v) of this subparagraph may be aggregated. In addition, the
9 uses by the taxpayer, its affiliated regulated broker, dealer, and
10 registered investment adviser under either or both of those clauses may
11 be aggregated. Provided, however, a taxpayer shall not be allowed the
12 credit provided by clauses (iv) and (v) of this subparagraph unless (I)
13 eighty percent or more of the employees performing the administrative
14 and support functions resulting from or related to the qualifying uses
15 of such equipment are located in this state, or (II) the average number
16 of employees that perform the administrative and support functions
17 resulting from or related to the qualifying uses of such equipment and
18 are located in this state during the taxable year for which the credit
19 is claimed is equal to or greater than ninety-five percent of the aver-
20 age number of employees that perform these functions and are located in
21 this state during the thirty-six months immediately preceding the year
22 for which the credit is claimed, or (III) the number of employees
23 located in this state during the taxable year for which the credit is
24 claimed is equal to or greater than ninety percent of the number of
25 employees located in this state on December thirty-first, nineteen
26 hundred ninety-eight or, if the taxpayer was not a calendar year taxpay-
27 er in nineteen hundred ninety-eight, the last day of its first taxable
28 year ending after December thirty-first, nineteen hundred ninety-eight.
29 If the taxpayer becomes subject to tax in this state after the taxable
30 year beginning in nineteen hundred ninety-eight, then the taxpayer is
31 not required to satisfy the employment test provided in the preceding
32 sentence of this subparagraph for its first taxable year. For purposes
33 of item (III) of this clause, the employment test will be based on the
34 number of employees located in this state on the last day of the first
35 taxable year the taxpayer is subject to tax in this state. If the uses
36 of the property must be aggregated to determine whether the property is
37 principally used in qualifying uses, then either each affiliate using
38 the property must satisfy this employment test or this employment test
39 must be satisfied through the aggregation of the employees of the
40 taxpayer, its affiliated regulated broker, dealer, and registered
41 investment adviser using the property. For purposes of this subsection,
42 the term "goods" shall not include electricity. For purposes of this
43 paragraph, manufacturing shall mean the process of working raw materials
44 into wares suitable for use or which gives new shapes, new quality or
45 new combination to matter which already has gone through some artificial
46 process by the use of machinery, tools, appliances and other similar
47 equipment. Property used in the production of goods shall include
48 machinery, equipment or other tangible property which is principally
49 used in the repair and service of other machinery, equipment or other
50 tangible property used principally in the production of goods and shall
51 include all facilities used in the production operation, including stor-
52 age of material to be used in production and of the products that are
53 produced. For purposes of this paragraph, the terms "industrial waste
54 treatment facilities", "air pollution control facilities" and "research
55 and development property" shall have the meanings ascribed thereto by

1 clauses (ii) and (iii), respectively, of subparagraph (D) of this para-
2 graph, and the provisions of subparagraph (C) of this paragraph.

3 (3) A taxpayer shall not be allowed a credit under this subsection
4 with respect to any tangible personal property and other tangible prop-
5 erty, including buildings and structural components of buildings, which
6 it leases to any other person or corporation except where a taxpayer
7 leases property to an affiliated regulated broker, dealer, or registered
8 investment adviser that uses such property in accordance with clause
9 (iv) or (v) of subparagraph (D) of paragraph two of this subsection. For
10 purposes of the preceding sentence, any contract or agreement to lease
11 or rent or for a license to use such property shall be considered a
12 lease. Provided, however, in determining whether a taxpayer shall be
13 allowed a credit under this subsection with respect to such property,
14 any election made with respect to such property pursuant to the
15 provisions of paragraph eight of subsection (f) of section one hundred
16 sixty-eight of the Internal Revenue Code, as such paragraph was in
17 effect for agreements entered into prior to January first, nineteen
18 hundred eighty-four, shall be disregarded.

19 (4) If the amount of credit allowed under this subsection for any
20 taxable year shall exceed the taxpayer's tax for such year, the excess
21 may be carried over to the following year or years and may be deducted
22 from the taxpayer's tax for such year or years. Any refund paid pursu-
23 ant to this paragraph shall be deemed to be a refund of an overpayment
24 of tax as provided in section six hundred eighty-six of this chapter,
25 provided, however, that no interest shall be paid thereon.

26 (j-3) Discovery wage tax credit. (1) A taxpayer shall be allowed a
27 credit, to be computed as hereinafter provided, against the tax imposed
28 by this article, where the taxpayer has been certified pursuant to
29 section nine hundred seventy-two of the general municipal law. The
30 amount of such credit shall be as prescribed in paragraph three of this
31 subsection.

32 (2) "Discovery wages" means wages paid by the taxpayer for full-time
33 employment during a taxable year, provided that those wages are paid by
34 a certified business as defined by the commissioner of economic develop-
35 ment as required in his or her responsibilities.

36 (3) The credit provided in this subsection shall be equal to the prod-
37 uct of the gross wages paid and six and eighty-five hundredths percent
38 for each net new job created during the taxable year.

39 (4) "Net new job" shall be defined as each job that exceeds the aver-
40 age number of individuals employed full-time by the taxpayer in the
41 previous taxable year.

42 (5) If the amount of this credit and carryovers of such credit allowed
43 under this subsection for any taxable year shall exceed the taxpayer's
44 tax for such year, the excess, as well as any part of the credit or
45 carryovers of such credit, or both, which may not be deducted from the
46 tax otherwise due by reason of paragraph three of this subsection, may
47 be carried over to the following year or years and may be deducted from
48 the taxpayer's tax for such year or years.

49 § 6. Section 1511 of the tax law is amended by adding two new subdivi-
50 sions (dd) and (ee) to read as follows:

51 (dd) Discovery investment credit. (1) A taxpayer shall be allowed a
52 credit, to be computed as hereinafter provided, against the tax imposed
53 by this article where the taxpayer has been certified pursuant to
54 section nine hundred seventy-two of the general municipal law. The
55 amount of such credit shall be twenty percent of the cost or other basis
56 for federal income tax purposes of tangible personal property and other

1 tangible property, including buildings and structural components of
2 buildings, described in paragraph two of this subdivision, but only if
3 the acquisition, construction, reconstruction or erection of such prop-
4 erty occurred or was commenced on or after the date of such designation
5 and prior to the expiration thereof. Provided, however, that in the case
6 of an acquisition, construction, reconstruction or erection which was
7 commenced during such period and continued or completed subsequently,
8 the credit shall be twenty percent of the portion of the cost or other
9 basis for federal income tax purposes attributable to such period, which
10 portion shall be ascertained by multiplying such cost or basis by a
11 fraction the numerator of which shall be the expenditures paid or
12 incurred during such period for such purposes and the denominator of
13 which shall be the total of all expenditures paid or incurred for such
14 acquisition, construction, reconstruction or erection.

15 (2) A credit shall be allowed under this subdivision with respect to
16 tangible personal property and other tangible property, including build-
17 ings and structural components of buildings which: (A) are depreciable
18 pursuant to section one hundred sixty-seven of the Internal Revenue
19 Code, (B) have a useful life of four years or more, (C) are acquired by
20 purchase as defined in section one hundred seventy-nine (d) of the
21 Internal Revenue Code, and (D) are (i) principally used by the taxpayer
22 in the production of goods by manufacturing, processing, assembling,
23 refining, mining, extracting, farming, agriculture, horticulture, flori-
24 culture, viticulture or commercial fishing, (ii) industrial waste treat-
25 ment facilities or air pollution control facilities used in the taxpay-
26 er's trade or business, (iii) research and development property, (iv)
27 principally used in the ordinary course of the taxpayer's trade or busi-
28 ness as a broker or dealer in connection with the purchase or sale
29 (which shall include but not be limited to the issuance, entering into,
30 assumption, offset, assignment, termination, or transfer) of stocks,
31 bonds or other securities as defined in section four hundred
32 seventy-five(c)(2) of the Internal Revenue Code, or of commodities as
33 defined in section four hundred seventy-five (e) of the Internal Revenue
34 Code, or (v) principally used in the ordinary course of the taxpayer's
35 trade or business of providing investment advisory services for a regu-
36 lated investment company as defined in section eight hundred fifty-one
37 of the Internal Revenue Code, or lending, loan arrangement or loan orig-
38 ination services to customers in connection with the purchase or sale
39 (which shall include but not be limited to the issuance, entering into,
40 assumption, offset, assignment, termination, or transfer) of securities
41 as defined in section four hundred seventy-five(c)(2) of the Internal
42 Revenue Code. For purposes of clauses (iv) and (v) of this subparagraph,
43 property purchased by a taxpayer affiliated with a regulated broker,
44 dealer or registered investment adviser is allowed a credit under this
45 subdivision if the property is used by its affiliated regulated broker,
46 dealer or registered investment adviser in accordance with this subdivi-
47 sion. For purposes of determining if the property is principally used in
48 qualifying uses, the uses by the taxpayer described in clauses (iv) and
49 (v) of this subparagraph may be aggregated. In addition, the uses by the
50 taxpayer, its affiliated regulated broker, dealer, and registered
51 investment adviser under either or both of those clauses may be aggre-
52 gated. Provided, however, a taxpayer shall not be allowed the credit
53 provided by clauses (iv) and (v) of this subparagraph unless (I) eighty
54 percent or more of the employees performing the administrative and
55 support functions resulting from or related to the qualifying uses of
56 such equipment are located in this state, or (II) the average number of

1 employees that perform the administrative and support functions result-
2 ing from or related to the qualifying uses of such equipment and are
3 located in this state during the taxable year for which the credit is
4 claimed is equal to or greater than ninety-five percent of the average
5 number of employees that perform these functions and are located in this
6 state during the thirty-six months immediately preceding the year for
7 which the credit is claimed, or (III) the number of employees located in
8 this state during the taxable year for which the credit is claimed is
9 equal to or greater than ninety percent of the number of employees
10 located in this state on December thirty-first, nineteen hundred nine-
11 ty-eight or, if the taxpayer was not a calendar year taxpayer in nine-
12 teen hundred ninety-eight, the last day of its first taxable year ending
13 after December thirty-first, nineteen hundred ninety-eight. If the
14 taxpayer becomes subject to tax in this state after the taxable year
15 beginning in nineteen hundred ninety-eight, then the taxpayer is not
16 required to satisfy the employment test provided in the preceding
17 sentence of this subparagraph for its first taxable year. For purposes
18 of item (III) of this clause, the employment test will be based on the
19 number of employees located in this state on the last day of the first
20 taxable year the taxpayer is subject to tax in this state. If the uses
21 of the property must be aggregated to determine whether the property is
22 principally used in qualifying uses, then either each affiliate using
23 the property must satisfy this employment test or this employment test
24 must be satisfied through the aggregation of the employees of the
25 taxpayer, its affiliated regulated broker, dealer, and registered
26 investment adviser using the property. For purposes of this subdivision,
27 the term "goods" shall not include electricity. For purposes of this
28 paragraph, manufacturing shall mean the process of working raw materials
29 into wares suitable for use or which gives new shapes, new quality or
30 new combination to matter which already has gone through some artificial
31 process by the use of machinery, tools, appliances and other similar
32 equipment. Property used in the production of goods shall include
33 machinery, equipment or other tangible property which is principally
34 used in the repair and service of other machinery, equipment or other
35 tangible property used principally in the production of goods and shall
36 include all facilities used in the production operation, including stor-
37 age of material to be used in production and of the products that are
38 produced. For purposes of this paragraph, the terms "industrial waste
39 treatment facilities", "air pollution control facilities" and "research
40 and development property" shall have the meanings ascribed thereto by
41 clauses (ii) and (iii), respectively, of subparagraph (D) of this para-
42 graph, and the provisions of subparagraph (C) of this paragraph shall
43 apply.

44 (3) A taxpayer shall not be allowed a credit under this subdivision
45 with respect to any tangible personal property and other tangible prop-
46 erty, including buildings and structural components of buildings, which
47 it leases to any other person or corporation except where a taxpayer
48 leases property to an affiliated regulated broker, dealer, or registered
49 investment adviser that uses such property in accordance with clause
50 (iv) or (v) of subparagraph (D) of paragraph two of this subdivision.
51 For purposes of the preceding sentence, any contract or agreement to
52 lease or rent or for a license to use such property shall be considered
53 a lease. Provided, however, in determining whether a taxpayer shall be
54 allowed a credit under this subdivision with respect to such property,
55 any election made with respect to such property pursuant to the
56 provisions of paragraph eight of subsection (f) of section one hundred

1 sixty-eight of the Internal Revenue Code, as such paragraph was in
 2 effect for agreements entered into prior to January first, nineteen
 3 hundred eighty-four, shall be disregarded.

4 (4) If the amount of credit allowed under this subdivision for any
 5 taxable year shall exceed the taxpayer's tax for such year, the excess
 6 may be carried over to the following year or years and may be deducted
 7 from the taxpayer's tax for such year or years. Any refund paid pursuant
 8 to this paragraph shall be deemed to be a refund of an overpayment of
 9 tax as provided in section six hundred eighty-six of this chapter,
 10 provided, however, that no interest shall be paid thereon.

11 (ee) Discovery wage tax credit. (1) A taxpayer shall be allowed a
 12 credit, to be computed as hereinafter provided, against the tax imposed
 13 by this article, where the taxpayer has been certified pursuant to
 14 section nine hundred seventy-two of the general municipal law. The
 15 amount of such credit shall be as prescribed in paragraph three of this
 16 subdivision.

17 (2) "Discovery wages" means wages paid by the taxpayer for full-time
 18 employment during a taxable year, provided that those wages are paid by
 19 a certified business as defined by the commissioner of economic develop-
 20 ment as required in his or her responsibilities.

21 (3) The credit provided in this subdivision shall be equal to the
 22 product of the gross wages paid and six and eighty-five hundredths
 23 percent for each net new job created during the taxable year.

24 (4) "Net new job" shall be defined as each job that exceeds the aver-
 25 age number of individuals employed full-time by the taxpayer in the
 26 previous taxable year.

27 (5) If the amount of this credit and carryovers of such credit allowed
 28 under this subdivision for any taxable year shall exceed the taxpayer's
 29 tax for such year, the excess, as well as any part of the credit or
 30 carryovers of such credit, or both, which may not be deducted from the
 31 tax otherwise due by reason of paragraph three of this subdivision, may
 32 be carried over to the following year or years and may be deducted from
 33 the taxpayer's tax for such year or years.

34 § 7. This act shall take effect immediately; provided, however, that
 35 any rules and regulations necessary to carry out the provisions of this
 36 act shall be promulgated by the commissioner of economic development
 37 before such effective date.

38 PART C

39 Section 1. The opening paragraph of paragraph (a) of subdivision 1 of
 40 section 210 of the tax law, as amended by section 10 of part T of chap-
 41 ter 59 of the laws of 2015, is amended to read as follows:

42 For taxable years beginning before January first, two thousand
 43 sixteen, the amount prescribed by this paragraph shall be computed at
 44 the rate of seven and one-tenth percent of the taxpayer's business
 45 income base. For taxable years beginning on or after January first, two
 46 thousand [~~sixteen~~] seventeen, the amount prescribed by this paragraph
 47 shall be [~~six and one-half~~] five and nine hundredths percent of the
 48 taxpayer's business income base. The taxpayer's business income base
 49 shall mean the portion of the taxpayer's business income apportioned
 50 within the state as hereinafter provided. However, in the case of a
 51 small business taxpayer, as defined in paragraph (f) of this subdivi-
 52 sion, the amount prescribed by this paragraph shall be computed pursuant
 53 to subparagraph (iv) of this paragraph and in the case of a manufactur-
 54 er, as defined in subparagraph (vi) of this paragraph, the amount

1 prescribed by this paragraph shall be computed pursuant to subparagraph
2 (vi) of this paragraph, and, in the case of a qualified emerging tech-
3 nology company, as defined in subparagraph (vii) of this paragraph, the
4 amount prescribed by this paragraph shall be computed pursuant to
5 subparagraph (vii) of this paragraph.

6 § 2. Subparagraph (iv) of paragraph (a) of subdivision 1 of section
7 210 of the tax law, as amended by section 12 of part A of chapter 59 of
8 the laws of 2014, is amended to read as follows:

9 (iv) (A) for taxable years beginning before January first, two thou-
10 sand sixteen, if the business income base is not more than two hundred
11 ninety thousand dollars the amount shall be six and one-half percent of
12 the business income base; if the business income base is more than two
13 hundred ninety thousand dollars but not over three hundred ninety thou-
14 sand dollars the amount shall be the sum of (1) eighteen thousand eight
15 hundred fifty dollars, (2) seven and one-tenth percent of the excess of
16 the business income base over two hundred ninety thousand dollars but
17 not over three hundred ninety thousand dollars and (3) four and thirty-
18 five hundredths percent of the excess of the business income base over
19 three hundred fifty thousand dollars but not over three hundred ninety
20 thousand dollars;

21 (B) for taxable years beginning on or after January first, two thou-
22 sand seventeen and before January first, two thousand eighteen, if the
23 business income base is not more than five hundred thousand dollars the
24 amount shall be three and one-quarter percent of the business income
25 base; if the business income base is more than five hundred thousand
26 dollars but not over six hundred thousand dollars the amount shall be
27 the sum of (1) sixteen thousand two hundred fifty dollars, (2) six and
28 one-half percent of the excess of the business income base over five
29 hundred thousand dollars but not over six hundred thousand dollars and
30 (3) thirty-two and one-half percent of the excess of the business income
31 base over five hundred fifty thousand dollars but not over six hundred
32 thousand dollars;

33 (C) for taxable years beginning on or after January first, two thou-
34 sand eighteen and before January first, two thousand nineteen, if the
35 business income base is not more than five hundred thousand dollars the
36 amount shall be two and nine-tenths percent of the business income base;
37 if the business income base is more than five hundred thousand dollars
38 but not over six hundred thousand dollars the amount shall be the sum of
39 (1) fourteen thousand five hundred dollars, (2) six and one-half percent
40 of the excess of the business income base over five hundred thousand
41 dollars but not over six hundred thousand dollars and (3) thirty-six
42 percent of the excess of the business income base over five hundred
43 fifty thousand dollars but not over six hundred thousand dollars;

44 (D) for taxable years beginning on or after January first, two thou-
45 sand nineteen and before January first, two thousand twenty, if the
46 business income base is not more than five hundred thousand dollars the
47 amount shall be two and one-half percent of the business income base; if
48 the business income base is more than five hundred thousand dollars but
49 not over six hundred thousand dollars the amount shall be the sum of (1)
50 twelve thousand five hundred dollars, (2) six and one-half percent of
51 the excess of the business income base over five hundred thousand
52 dollars but not over six hundred thousand dollars and (3) forty percent
53 of the excess of the business income base over five hundred fifty thou-
54 sand dollars but not over six hundred thousand dollars; and

1 (E) for taxable years beginning on or after January first, two thou-
 2 sand twenty, if the business income base is not more than six hundred
 3 thousand dollars the amount shall be zero percent.

4 § 3. Paragraph 1 of subdivision (a) of section 1502 of the tax law, as
 5 amended by section 4 of part N of chapter 60 of the laws of 2007, is
 6 amended to read as follows:

7 (1) for taxable years beginning before July first, two thousand, nine
 8 percent of the taxpayer's entire net income, or portion thereof allo-
 9 cated within this state, for the taxable year, or part thereof, except
 10 that for taxable years beginning prior to January first, nineteen
 11 hundred seventy-eight, the rate shall be four and five-tenths percent;
 12 for taxable years beginning after June thirtieth, two thousand and
 13 before July first, two thousand one, eight and one-half percent of the
 14 taxpayer's entire net income, or portion thereof allocated within this
 15 state, for the taxable year, or part thereof; for taxable years begin-
 16 ning after June thirtieth, two thousand one and before July first, two
 17 thousand two, eight percent of the taxpayer's entire net income, or
 18 portion thereof allocated within this state, for the taxable year, or
 19 part thereof; for taxable years beginning after June thirtieth, two
 20 thousand two and before January first, two thousand seven, seven and
 21 one-half percent of the taxpayer's entire net income, or portion thereof
 22 allocated within this state, for the taxable year, or part thereof;
 23 [~~and~~] for taxable years beginning [~~on or~~] after January first, two thou-
 24 sand seven and before January first, two thousand seventeen, seven and
 25 one-tenth percent of the taxpayer's entire net income, or portion there-
 26 of allocated within this state, for the taxable year, or part thereof;
 27 and for taxable years beginning on or after January first, two thousand
 28 seventeen, six and eighty-five one hundredths percent of the taxpayer's
 29 entire net income, or portion thereof allocated within this state, for
 30 the taxable year, or part thereof; or

31 § 4. Subparagraph 1 of paragraph (b) of subdivision 1 of section 186-a
 32 of the tax law, as amended by section 4 of part Y of chapter 63 of the
 33 laws of 2000, is amended to read as follows:

34 (1) two and five-tenths percent on and after January first, two thou-
 35 sand through December thirty-first, two thousand, two and forty-five one
 36 hundredths percent from January first, two thousand one through December
 37 thirty-first, two thousand one, two and four-tenths percent from January
 38 first, two thousand two through December thirty-first, two thousand two,
 39 two and twenty-five one hundredths percent from January first, two thou-
 40 sand three through December thirty-first, two thousand three, two and
 41 one hundred twenty-five one thousandths percent from January first, two
 42 thousand four through December thirty-first, two thousand four [~~and~~],
 43 two percent commencing January first, two thousand five and one and
 44 one-half percent commencing January first, two thousand seventeen and
 45 thereafter of that portion of its gross income derived from the trans-
 46 portation, transmission or distribution of gas or electricity by means
 47 of conduits, mains, pipes, wires, lines or the like and

48 § 5. Subparagraph 1 of paragraph (a) of subdivision 2 of section 186-e
 49 of the tax law, as amended by section 2 of part P of chapter 59 of the
 50 laws of 2015, is amended to read as follows:

51 (1) There is hereby imposed an excise tax on the sale of telecommuni-
 52 cation services, except for the sale of mobile telecommunication
 53 services that are subject to tax under subparagraph two of this para-
 54 graph, by any person which is a provider of telecommunication services,
 55 to be paid by such person, at the rate of three and one-half percent
 56 prior to October first, nineteen hundred ninety-eight, three and one-

1 quarter percent from October first, nineteen hundred ninety-eight
2 through December thirty-first, nineteen hundred ninety-nine, [~~and~~] two
3 and one-half percent [~~on-and~~] after January first, two thousand five,
4 and two percent on and after January first, two thousand seventeen of
5 gross receipt from: (i) any intrastate telecommunication services; (ii)
6 any interstate and international telecommunication services (other than
7 interstate and international private telecommunication services) which
8 originate or terminate in this state and which telecommunication
9 services are charged to a service address in this state, regardless of
10 where the amounts charged for such services are billed or ultimately
11 paid; and (iii) interstate and international private telecommunication
12 services, the gross receipt to which the tax shall apply shall be deter-
13 mined as prescribed in subdivision three of this section.

14 § 6. This act shall take effect immediately and shall apply to taxable
15 years beginning on or after January 1, 2018, provided, however, that any
16 rules and regulations necessary to carry out the provisions of this act
17 shall be promulgated before such effective date.

18 § 2. Severability clause. If any clause, sentence, paragraph, subdivi-
19 sion, section or part of this act shall be adjudged by any court of
20 competent jurisdiction to be invalid, such judgment shall not affect,
21 impair, or invalidate the remainder thereof, but shall be confined in
22 its operation to the clause, sentence, paragraph, subdivision, section
23 or part thereof directly involved in the controversy in which such judg-
24 ment shall have been rendered. It is hereby declared to be the intent of
25 the legislature that this act would have been enacted even if such
26 invalid provisions had not been included herein.

27 § 3. This act shall take effect immediately, provided, however, that
28 the applicable effective date of Parts A through C of this act shall be
29 as specifically set forth in the last section of such Parts.