S T A T E O F N E W Y O R K

4172

2011-2012 Regular Sessions

I N S E N A T E

March 22, 2011

Introduced by Sen. ALESI -- 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 phasing out the franchise tax on business corporations that are manufacturers

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

Section 1. Section 208 of the tax law is amended by adding two new subdivisions 20 and 21 to read as follows:

20. THE TERM "MANUFACTURER" SHALL MEAN A TAXPAYER WHICH DURING THE TAXABLE YEAR IS PRINCIPALLY ENGAGED IN THE PRODUCTION OF GOODS BY MANUFACTURING, PROCESSING, ASSEMBLING, REFINING, MINING, EXTRACTING, FARMING, AGRICULTURE, HORTICULTURE, FLORICULTURE, VITICULTURE OR COMMERCIAL FISHING. MOREOVER, FOR PURPOSES OF COMPUTING THE CAPITAL BASE IN A COMBINED REPORT, THE GROUP SHALL BE CONSIDERED A "MANUFACTURER" FOR PURPOSES OF THIS ARTICLE ONLY IF THE COMBINED GROUP DURING THE TAXABLE YEAR IS PRINCIPALLY ENGAGED IN THE ACTIVITIES SET FORTH IN THIS SUBDIVISION, OR ANY COMBINATION THEREOF.

21. THE TERM "PRINCIPALLY ENGAGED" SHALL INCLUDE A TAXPAYER OR A COMBINED GROUP IF, DURING THE TAXABLE YEAR, MORE THAN FIFTY PERCENT OF THE GROSS RECEIPTS OF THE TAXPAYER OR COMBINED GROUP, RESPECTIVELY, ARE DERIVED FROM RECEIPTS FROM THE SALE OF GOODS PRODUCED BY MANUFACTURING. IN COMPUTING A COMBINED GROUP'S GROSS RECEIPTS, INTERCORPORATE RECEIPTS SHALL BE ELIMINATED.

S 2. Section 209 of the tax law is amended by adding a new subdivision 11 to read as follows:

11. (A) FOR ANY TAXABLE YEAR BEGINNING ON OR AFTER JANUARY FIRST, TWO THOUSAND TWELVE, A TAXPAYER WHO IS A MANUFACTURER SHALL BE EXEMPT FROM FIFTY PERCENT OF ALL TAXES IMPOSED BY THIS ARTICLE.

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

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(B) FOR ANY TAXABLE YEAR BEGINNING ON OR AFTER JANUARY FIRST, TWO THOUSAND THIRTEEN, A TAXPAYER WHO IS A MANUFACTURER SHALL BE EXEMPT FROM ALL TAXES IMPOSED BY THIS ARTICLE.

S 3. This act shall take effect immediately and shall apply to taxable years commencing on or after January 1, 2011; provided, however, that the commissioner of taxation and finance is authorized to promulgate any and all rules and regulations and take any other measures necessary for the timely implementation of this act on its effective date on or before such date.