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

7661

I N S E N A T E

June 12, 2012

Introduced by Sen. BALL -- read twice and ordered printed, and when printed to be committed to the Committee on Rules

AN ACT to amend the tax law, in relation to establishing a hire-now veterans tax credit

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

Section 1. The tax law is amended by adding a new section 37 to read as follows:

S 37. HIRE-NOW TAX CREDIT. (A) ALLOWANCE OF CREDIT. A TAXPAYER, WHICH IS SUBJECT TO TAX UNDER ARTICLE NINE-A OR TWENTY-TWO OF THIS CHAPTER AND WHICH CREATES A NEW JOB, SHALL BE ALLOWED A CREDIT AGAINST SUCH TAX. THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS SECTION SHALL BE EQUAL TO THE PRODUCT OF 6.85 PERCENT AND THE GROSS WAGES PAID FOR EACH NEW EMPLOYEE. THE CREDIT SHALL NOT BE MORE THAN FIVE THOUSAND DOLLARS FOR ANY NEW EMPLOYEE FOR ONE FULL YEAR OF EMPLOYMENT; IF A NEW EMPLOYEE HAS BEEN HIRED FOR LESS THAN A FULL TAX YEAR THIS AMOUNT SHALL BE PRORATED AND APPORTIONED TO EACH TAX YEAR BUT SHALL IN NO WAY DECREASE THE FULL THREE CONSECUTIVE YEARS OF CREDIT ELIGIBILITY. THE TAXPAYER MAY CLAIM THIS CREDIT FOR EACH NEW EMPLOYEE FOR A PERIOD OF THREE CONSECUTIVE YEARS OF EMPLOYMENT. THE TAXPAYER MAY OFFSET QUARTERLY ESTIMATED TAX RETURNS WITH THE AMOUNT OF THIS CREDIT EARNED IN ANY PREVIOUS QUARTER.

(B) HIRE-A-VET ENHANCEMENT. FOR CALENDAR YEARS TWO THOUSAND THIRTEEN AND TWO THOUSAND FOURTEEN IF A NEW EMPLOYEE WAS RECEIVING UNEMPLOYMENT INSURANCE BENEFITS AT THE TIME OF HIRE AND IS ALSO A VETERAN, AN ADDITIONAL FIVE THOUSAND DOLLAR CREDIT WILL BE ALLOWED FOR THE FIRST FULL YEAR OF EMPLOYMENT.

(C) DEFINITIONS. AS USED IN THIS SECTION, THE FOLLOWING TERMS SHALL HAVE THE FOLLOWING MEANINGS:

(1) "NEW EMPLOYEE" SHALL MEAN ANY FULL TIME EMPLOYEE THAT IS HIRED BY THE TAXPAYER AFTER JULY FIRST, TWO THOUSAND TWELVE AND BEFORE APRIL FIRST, TWO THOUSAND THIRTEEN, THAT CAUSES THE TOTAL NUMBER OF EMPLOYEES TO INCREASE ABOVE BASE EMPLOYMENT OR CREDIT EMPLOYMENT, WHICHEVER IS HIGHER.

(2) "BASE YEAR" SHALL MEAN CALENDAR YEAR TWO THOUSAND TWELVE.

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

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(3) "BASE EMPLOYMENT" SHALL MEAN THE AVERAGE NUMBER OF FULL TIME EMPLOYEES OR FULL TIME EQUIVALENT EMPLOYEES DURING THE BASE YEAR. FOR A NEW BUSINESS, BASE EMPLOYMENT SHALL BEGIN AT ZERO.

(4) "CREDIT EMPLOYMENT" SHALL MEAN BASE EMPLOYMENT PLUS THE NUMBER OF NEW EMPLOYEES FOR WHICH A CREDIT IS EARNED FOR THE PRIOR TAX YEARS.

(5) "VETERAN" SHALL MEAN A RESIDENT OF THIS STATE, WHO HAS SERVED ON ACTIVE DUTY IN THE UNTIED STATES ARMY, NAVY, AIR FORCE, MARINES, COAST GUARD, AND/OR RESERVES THEREOF, AND/OR THE ARMY NATIONAL GUARD, AIR NATIONAL GUARD, NEW YORK GUARD AND/OR THE NEW YORK NAVAL MILITIA, AND WHO IS CURRENTLY IN SERVICE, OR HAS BEEN RELEASED FROM SUCH SERVICE BY HONORABLE DISCHARGE, OR WHO HAS BEEN FURLOUGHED TO THE RESERVE AND WHO SERVED IN A WAR, ARMED CONFLICT AND/OR OTHER HOSTILITIES.

(D) REPLACEMENT EMPLOYEES. IF A NEW EMPLOYEE FOR WHICH A CREDIT WAS EARNED LEAVES THE PAYROLL AND AN EMPLOYEE IS HIRED WHICH BRINGS TOTAL EMPLOYMENT ABOVE BASE EMPLOYMENT BUT AT OR BELOW CREDIT EMPLOYMENT LEVEL, THE CREDIT ELIGIBILITY PERIOD FOR SUCH EMPLOYEE SHALL BE THREE YEARS MINUS THE AMOUNT OF TIME (ROUNDED TO THE NEXT FULL MONTH) THE EMPLOYER RECEIVED THE CREDIT FOR THE DEPARTING EMPLOYEE.

(E) NO CREDIT SHALL BE ALLOWED UNDER THIS SECTION TO A TAXPAYER FOR ANY NEW EMPLOYEE IF THE TAXPAYER CLAIMS ANY OTHER CREDIT UNDER THIS ARTICLE FOR SUCH NEW EMPLOYEE WHERE THE BASIS OF SUCH OTHER CREDIT IS AN INCREASE IN EMPLOYMENT.

S 2. Section 210 of the tax law is amended by adding a new subdivision 45 to read as follows:

45. HIRE-NOW TAX CREDIT. (A) ALLOWANCE OF CREDIT. A TAXPAYER WILL BE ALLOWED A CREDIT, TO BE COMPUTED AS PROVIDED IN SECTION THIRTY-SEVEN OF THIS CHAPTER, AGAINST THE TAX IMPOSED BY THIS ARTICLE.

(B) APPLICATION OF CREDIT. THE CREDIT ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR MAY NOT REDUCE THE TAX DUE FOR SUCH YEAR TO LESS THAN THE HIGHER OF THE AMOUNTS PRESCRIBED IN PARAGRAPHS (C) AND (D) OF SUBDIVISION ONE OF THIS SECTION. HOWEVER, IF THE AMOUNT OF CREDIT ALLOWED UNDER THIS SUBDIVISION FOR ANY TAXABLE YEAR REDUCES THE TAX TO SUCH AMOUNT, ANY AMOUNT OF CREDIT THUS NOT DEDUCTIBLE IN SUCH TAXABLE YEAR WILL BE TREATED AS AN OVERPAYMENT OF TAX TO BE CREDITED OR REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF SECTION ONE THOUSAND EIGHTY-SIX OF THIS CHAPTER. PROVIDED, HOWEVER, THE PROVISIONS OF SUBSECTION (C) OF SECTION ONE THOUSAND EIGHTY-EIGHT OF THIS CHAPTER NOTWITHSTANDING, NO INTEREST WILL BE PAID THEREON.

S 3. Section 606 of the tax law is amended by adding a new subsection (uu) to read as follows:

(UU) HIRE-NOW TAX CREDIT. (1) A TAXPAYER WILL BE ALLOWED A CREDIT, TO THE EXTENT ALLOWED UNDER SECTION THIRTY-SEVEN OF THIS CHAPTER, AGAINST THE TAX IMPOSED BY THIS ARTICLE.

(2) APPLICATION OF CREDIT. IF THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS SUBSECTION FOR ANY TAXABLE YEAR EXCEEDS THE TAXPAYER'S TAX FOR SUCH YEAR, THE EXCESS WILL BE TREATED AS AN OVERPAYMENT OF TAX TO BE CREDITED OR REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF SECTION SIX HUNDRED EIGHTY-SIX OF THIS ARTICLE, PROVIDED, HOWEVER, THAT NO INTEREST WILL BE PAID THEREON.

S 4. Subparagraph (B) of paragraph 1 of subsection (i) of section 606 of the tax law is amended by adding a new clause (xxxiv) to read as follows:

(XXXIV) HIRE-NOW TAX CREDIT UNDER SUBSECTION (UU)	AMOUNT OF CREDIT UNDER SUBDIVISION FORTY-FIVE OF SECTION TWO HUNDRED TEN

S 5. This act shall take effect immediately.