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I N   A S S E M B L Y

January 30, 2014

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Introduced by M. of A. LAVINE -- read once and referred to the Committee  
on Small Business

AN ACT to amend the economic development law and 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 ASSEM-  
BLY, DO ENACT AS FOLLOWS:

1     Section 1. The economic development law is amended by adding a new  
2     section 139 to read as follows:  
3     S 139. SMALL BUSINESS TAX-DEFERRED SAVINGS ACCOUNTS. 1. ANY SMALL  
4     BUSINESS SHALL BE AUTHORIZED TO ESTABLISH AND DEPOSIT PROFITS INTO A  
5     SMALL BUSINESS TAX-DEFERRED SAVINGS ACCOUNT.  
6     2. THE MONIES IN SUCH TAX-DEFERRED SAVINGS ACCOUNTS MAY BE WITHDRAWN  
7     TAX FREE WHEN THEY ARE EXPENDED FOR EXPANSION OF SUCH BUSINESS FOR THE  
8     PURPOSE OF CREATING OR PRESERVING FULL TIME JOBS.  
9     S 2. Section 209 of the tax law is amended by adding a new subdivision  
10    12 to read as follows:  
11    12. FOR ANY TAXABLE YEAR BEGINNING ON OR AFTER JANUARY FIRST, TWO  
12    THOUSAND FOURTEEN, ANY SMALL BUSINESS, AS SUCH TERM IS DEFINED PURSUANT  
13    TO SECTION ONE HUNDRED THIRTY-ONE OF THE ECONOMIC DEVELOPMENT LAW, SHALL  
14    BE EXEMPT FROM ALL TAXES IMPOSED PURSUANT TO THIS ARTICLE FOR ANY WITH-  
15    DRAWAL FROM A SMALL BUSINESS TAX-DEFERRED SAVINGS ACCOUNT ESTABLISHED  
16    PURSUANT TO SECTION ONE HUNDRED THIRTY-NINE OF THE ECONOMIC DEVELOPMENT  
17    LAW AND USED FOR THE EXPANSION OF SUCH SMALL BUSINESS FOR THE PURPOSE OF  
18    CREATING OR PRESERVING FULL TIME JOBS. IF A TAXPAYER FILES FOR AND  
19    RECEIVES AN EXEMPTION FROM THE TAX IMPOSED UNDER THIS SECTION PURSUANT  
20    TO THE PROVISIONS OF THIS SUBDIVISION AND THE FUNDS WITHDRAWN, OR ANY  
21    PORTION THEREOF, ARE NOT EXPENDED FOR A QUALIFYING PURPOSE AS SET FORTH  
22    HEREIN, THEN THE AMOUNT OF SUCH EXEMPTION CLAIMED BY THE TAXPAYER SHALL  
23    BE ADDED BACK TO TAX IN THE NEXT SUCCEEDING TAXABLE YEAR OR IN THE YEAR  
24    IN WHICH THE EXEMPTION IS DISALLOWED.  
25    S 3. Subsection (c) of section 612 of the tax law is amended by adding  
26    a new paragraph 41 to read as follows:

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

LBD13358-02-4

1 (41) ANY WITHDRAWAL FROM A SMALL BUSINESS TAX-DEFERRED SAVINGS ACCOUNT  
2 ESTABLISHED PURSUANT TO SECTION ONE HUNDRED THIRTY-NINE OF THE ECONOMIC  
3 DEVELOPMENT LAW AND USED FOR THE EXPANSION OF SUCH SMALL BUSINESS FOR  
4 THE PURPOSE OF CREATING OR PRESERVING FULL TIME JOBS. IF A TAXPAYER  
5 FILES FOR AND RECEIVES AN EXEMPTION FROM THE TAX IMPOSED UNDER THIS  
6 SECTION PURSUANT TO THE PROVISIONS OF THIS PARAGRAPH AND THE FUNDS WITH-  
7 DRAWN, OR ANY PORTION THEREOF, ARE NOT EXPENDED FOR A QUALIFYING PURPOSE  
8 AS SET FORTH HEREIN, THEN THE AMOUNT OF SUCH EXEMPTION CLAIMED BY THE  
9 TAXPAYER SHALL BE ADDED BACK TO TAX IN THE NEXT SUCCEEDING TAXABLE YEAR  
10 OR IN THE YEAR IN WHICH THE EXEMPTION IS DISALLOWED.  
11 S 4. This act shall take effect immediately.