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

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I N A S S E M B L Y

January 30, 2014

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 ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. The economic development law is amended by adding a new section 139 to read as follows:

S 139. SMALL BUSINESS TAX-DEFERRED SAVINGS ACCOUNTS. 1. ANY SMALL BUSINESS SHALL BE AUTHORIZED TO ESTABLISH AND DEPOSIT PROFITS INTO A SMALL BUSINESS TAX-DEFERRED SAVINGS ACCOUNT.

2. THE MONIES IN SUCH TAX-DEFERRED SAVINGS ACCOUNTS MAY BE WITHDRAWN TAX FREE WHEN THEY ARE EXPENDED FOR EXPANSION OF SUCH BUSINESS FOR THE PURPOSE OF CREATING OR PRESERVING FULL TIME JOBS.

S 2. Section 209 of the tax law is amended by adding a new subdivision 12 to read as follows:

12. FOR ANY TAXABLE YEAR BEGINNING ON OR AFTER JANUARY FIRST, TWO THOUSAND FOURTEEN, ANY SMALL BUSINESS, AS SUCH TERM IS DEFINED PURSUANT TO SECTION ONE HUNDRED THIRTY-ONE OF THE ECONOMIC DEVELOPMENT LAW, SHALL BE EXEMPT FROM ALL TAXES IMPOSED PURSUANT TO THIS ARTICLE FOR ANY WITHDRAWAL FROM A SMALL BUSINESS TAX-DEFERRED SAVINGS ACCOUNT ESTABLISHED PURSUANT TO SECTION ONE HUNDRED THIRTY-NINE OF THE ECONOMIC DEVELOPMENT LAW AND USED FOR THE EXPANSION OF SUCH SMALL BUSINESS FOR THE PURPOSE OF CREATING OR PRESERVING FULL TIME JOBS. IF A TAXPAYER FILES FOR AND RECEIVES AN EXEMPTION FROM THE TAX IMPOSED UNDER THIS SECTION PURSUANT TO THE PROVISIONS OF THIS SUBDIVISION AND THE FUNDS WITHDRAWN, OR ANY PORTION THEREOF, ARE NOT EXPENDED FOR A QUALIFYING PURPOSE AS SET FORTH HEREIN, THEN THE AMOUNT OF SUCH EXEMPTION CLAIMED BY THE TAXPAYER SHALL BE ADDED BACK TO TAX IN THE NEXT SUCCEEDING TAXABLE YEAR OR IN THE YEAR IN WHICH THE EXEMPTION IS DISALLOWED.

S 3. Subsection (c) of section 612 of the tax law is amended by adding a new paragraph 41 to read as follows:

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

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(41) ANY WITHDRAWAL FROM A SMALL BUSINESS TAX-DEFERRED SAVINGS ACCOUNT ESTABLISHED PURSUANT TO SECTION ONE HUNDRED THIRTY-NINE OF THE ECONOMIC DEVELOPMENT LAW AND USED FOR THE EXPANSION OF SUCH SMALL BUSINESS FOR THE PURPOSE OF CREATING OR PRESERVING FULL TIME JOBS. IF A TAXPAYER FILES FOR AND RECEIVES AN EXEMPTION FROM THE TAX IMPOSED UNDER THIS SECTION PURSUANT TO THE PROVISIONS OF THIS PARAGRAPH AND THE FUNDS WITHDRAWN, OR ANY PORTION THEREOF, ARE NOT EXPENDED FOR A QUALIFYING PURPOSE AS SET FORTH HEREIN, THEN THE AMOUNT OF SUCH EXEMPTION CLAIMED BY THE TAXPAYER SHALL BE ADDED BACK TO TAX IN THE NEXT SUCCEEDING TAXABLE YEAR OR IN THE YEAR IN WHICH THE EXEMPTION IS DISALLOWED.

S 4. This act shall take effect immediately.