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

7333

I N S E N A T E

May 13, 2014

Introduced by Sen. YOUNG -- 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 establishing a personal income tax deduction for certain withdrawals from a 401(k) plan by a taxpayer suffering from a terminal illness

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

Section 1. Subsection (c) of section 612 of the tax law is amended by adding a new paragraph 42 to read as follows:

(42) HARDSHIP DISTRIBUTIONS FROM A RETIREMENT ACCOUNT ESTABLISHED PURSUANT TO SECTION 401(K) OF THE INTERNAL REVENUE CODE TO THE EXTENT INCLUDABLE IN FEDERAL ADJUSTED GROSS INCOME, PROVIDED, HOWEVER, THAT THE EXCLUSION PROVIDED FOR IN THIS PARAGRAPH SHALL NOT EXCEED TWENTY THOUSAND DOLLARS; PROVIDED, FURTHER, THAT SUCH EXCLUSION SHALL ONLY BE AVAILABLE BY REASON OF A MEDICALLY DETERMINABLE PHYSICAL OR MENTAL IMPAIRMENT OF AN INDIVIDUAL TAXPAYER WHICH CAN BE EXPECTED TO RESULT IN DEATH WITHIN A PERIOD OF NOT MORE THAN TWELVE MONTHS.

S 2. This act shall take effect immediately and shall apply to the tax year in which it takes effect and all subsequent tax years.

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

LBD14948-03-4