STATE OF NEW YORK

10268

IN ASSEMBLY

March 27, 2018

Introduced by M. of A. MAGEE -- read once and referred to the Committee on Ways and Means

AN ACT to amend the tax law, in relation to creating a tax credit for companies that invest in certain dairy equipment and use such equipment to produce value added products

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 44 to read as follows:

§ 44. Value added dairy investment tax credit. (a) General. A taxpayer subject to tax under article nine, nine-A or twenty-two of this chapter shall be allowed a credit against such tax pursuant to the provisions referenced in subdivision (e) of this section, however, the unused portion of any tax credit claimed shall not be carried forward and applied in another tax year. The tax credit allowed pursuant to this section shall apply to taxable years beginning on or after January first, two thousand eighteen.

(b) Definitions. For the purposes of this section the following terms shall have the following meanings:

(1) "dairy product" shall mean dairy beverages, cheese, yogurt, frozen dairy products or any additional product added by regulation by the commissioner, in consultation with the commissioner of agriculture and markets, that contains milk;

(2) "value added dairy product" shall mean the increase in the fair market value of a dairy product resulting from the processing of such into a flavored or enhanced dairy product processed wholly within the state;

(3) "farm business" shall mean (i) a business with farm related income of at least one thousand dollars in one of the last three years; or (ii) a new business with farm related income;

(4) "eligible expenses" shall mean tools, equipment and supplies for the manufacturing and packaging of value added dairy products; and

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

LBD14985-03-8

(5) "eligible taxpayer" means a corporation (including a New York S corporation), a sole proprietorship, a limited liability company or a partnership.

(c) The amount of the credit shall be for one hundred percent of up to ten thousand dollars for eligible expenses associated with the production of value added products for wholesale or retail sale within five hundred miles of such taxpayer's farm business.

(d) (1) Businesses claiming the value added dairy product tax credit shall submit a computer-generated report with tax returns that claim a tax credit.

(2) Such report shall include (i) the name of the producer and the physical place of business where the products are produced; (ii) the amount paid by the eligible taxpayer for eligible expenses; and (iii) the physical places of business such value added dairy products are sold.

(e) Cross-references. For application of the credit provided for in this section, see the following provisions of this chapter:

(1) Article 9: Section 187-q.

(2) Article 9-A: Section 210-B, subdivision 53.

(3) Article 22: Section 606, subsections (i) and (iii).

§ 2. Section 210-B of the tax law is amended by adding a new subdivision 53 to read as follows:

53. Value added dairy investment tax credit. A taxpayer shall be allowed a credit, to be computed as provided in section forty-four of this chapter against the tax imposed by this article. The credit allowed under this subdivision for any taxable year shall not reduce the tax due for such year to less than the fixed dollar minimum amount prescribed in paragraph (d) of subdivision one of section two hundred ten of this article. The tax credit allowed pursuant to this section shall apply to taxable years beginning on or after January first, two thousand eighteen.

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

(iii) Value added dairy investment tax credit. A taxpayer shall be allowed a credit to be computed as provided in section forty-four of this chapter against the tax imposed by this article. The tax credit allowed pursuant to this section shall apply to taxable years beginning on or after January first, two thousand eighteen.

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

(xliv) NY crops for value added products tax credit under subsection (iii)	Amount of credit under subdivision fifty-three of section two hundred ten-B

§ 5. The tax law is amended by adding a new section 187-q to read as follows:

§ 187-q. Value added dairy investment tax credit. (a) Allowance of credit. A taxpayer shall be allowed a credit, to be computed as provided in section forty-four of this chapter against the tax imposed by this article.

(b) Application of credit. The credit allowed under this subdivision for any taxable year shall not reduce the tax due for such year to less than the fixed dollar minimum amount prescribed in paragraph (d) of subdivision one of section two hundred ten of this chapter. The tax credit allowed pursuant to this section shall apply to taxable years beginning on or after January first, two thousand eighteen.

§ 6. This act shall take effect immediately and shall apply to taxable years beginning on or after January 1, 2018.