

STATE OF NEW YORK

6121

2019-2020 Regular Sessions

IN SENATE

May 16, 2019

Introduced by Sen. MONTGOMERY -- read twice and ordered printed, and when printed to be committed to the Committee on Budget and Revenue

AN ACT to amend the tax law, in relation to providing a re-entry employment incentive tax credit; and providing for the repeal of such provisions upon expiration thereof

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Section 210-b of the tax law is amended by adding a new
2 subdivision 54 to read as follows:

3 54. Re-entry employment incentive tax credit. (a) A taxpayer shall be
4 allowed a credit, to be computed as hereinafter provided, against the
5 tax imposed by this article in the amount prescribed by this subdivision
6 where such taxpayer employs one or more qualifying individuals desig-
7 ated pursuant to subdivision (a) of section four of the chapter of the
8 laws of two thousand nineteen that added this subdivision.

9 (b) The amount of the credit shall be as follows for each qualifying
10 individual employed by the taxpayer:

11 (i) fifty percent of the qualified wages in the first year of employ-
12 ment;

13 (ii) forty percent of qualified wages in the second year of employ-
14 ment; and

15 (iii) thirty percent of qualified wages in the third year of employ-
16 ment.

17 (c) For the purposes of this subdivision, "qualifying individual"
18 shall mean an individual hired by a taxpayer on or after January first,
19 two thousand twenty who:

20 (i) has been convicted of a felony in this state in the last five
21 years, has been released from a correctional facility as defined in
22 subdivision four of section two of the correction law in the last five
23 years or is serving a period of post-release supervision, parole or
24 probation for the conviction of a felony, provided that an individual

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

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1 shall be considered a qualified individual for each of the first four
2 years of employment if hired by the taxpayer within the time period
3 specified in this subparagraph;

4 (ii) resides in this state;

5 (iii) receives wages which are at least one hundred forty percent of
6 the state minimum wage; and

7 (iv) receives qualified wages for at least three continuous months
8 from the taxpayer during the taxable year.

9 (d) For the purposes of this subdivision, "qualified wages" shall mean
10 wages paid or incurred by the taxpayer during the taxable year to the
11 qualified individual, provided that the amount of qualified wages which
12 may be taken into account when calculating the credit pursuant to this
13 subdivision shall not exceed ten thousand dollars per year.

14 (e) Notwithstanding any provision of law to the contrary, the credit
15 and carryover of such credit allowed under this subdivision for any
16 taxable years shall not, in the aggregate, reduce the tax due for such
17 year to less than the amount prescribed in paragraph (d) of subdivision
18 one of section two hundred ten of this article, any amount of credit or
19 carryover of such credit thus not deductible in such taxable year may be
20 carried over to the following year or years and may be deducted from the
21 tax for such year or years. In addition, the amount of such credit, and
22 carryovers of such credit to the taxable year, deducted from the tax
23 otherwise due may not, in the aggregate, exceed fifty percent of the tax
24 imposed under section two hundred nine of this article computed without
25 regard to any credit provided by this section.

26 § 2. Section 606 of the tax law is amended by adding a new subsection
27 (k-1) to read as follows:

28 (k-1) Re-entry employment incentive tax credit. (a) A taxpayer shall
29 be allowed a credit, to be computed as hereinafter provided, against the
30 tax imposed by this article in the amount prescribed by this subsection
31 where such taxpayer employs one or more qualifying individuals desig-
32 nated pursuant to subdivision (a) of section four of the chapter of the
33 laws of two thousand nineteen that added this subsection.

34 (b) The amount of the credit shall be as follows for each qualifying
35 individual employed by the taxpayer:

36 (i) Fifty percent of the qualified wages in the first year of employ-
37 ment;

38 (ii) Forty percent of qualified wages in the second year of employ-
39 ment; and

40 (iii) Thirty percent of qualified wages in the third year of employ-
41 ment.

42 (c) For the purposes of this subsection, "qualifying individual" shall
43 mean an individual hired by a taxpayer on or after January first, two
44 thousand twenty who:

45 (i) has been convicted of a felony in this state in the last five
46 years, has been released from a correctional facility as defined in
47 subdivision four of section two of the correction law in the last five
48 years or is serving a period of post-release supervision, parole or
49 probation for the conviction of a felony, provided that an individual
50 shall be considered a qualified individual for each of the first four
51 years of employment if hired by the taxpayer within the time period
52 specified in this subparagraph;

53 (ii) resides in this state;

54 (iii) receives wages which are at least one hundred forty percent of
55 the state minimum wage; and

(iv) receives qualified wages for at least three continuous months from the taxpayer during the taxable year.

(d) For the purposes of this subsection, "qualified wages" shall mean wages paid or incurred by the taxpayer during the taxable year to the qualified individual, provided that the amount of qualified wages which may be taken into account when calculating the credit pursuant to this subsection shall not exceed ten thousand dollars per year.

(e) Notwithstanding any provision of law to the contrary, if the amount of the credit and carryovers of such credit allowed under this subsection for any taxable year shall exceed the taxpayer's tax for such year, any amount of credit or carryovers of such credit thus not deductible in such taxable year may be carried over to the following year or years and may be deducted from the tax for such year or years. In addition, the amount of such credit, and carryovers of such credit to the taxable year, deducted from the tax otherwise due may not, in the aggregate, exceed fifty percent of the tax imposed under section six hundred one of this part computed without regard to any credit provided for by this section.

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

<u>(xlv) Re-entry employment</u>	<u>Amount of credit</u>
<u>incentive tax credit under</u>	<u>under subdivision</u>
<u>subsection (k-1)</u>	<u>fifty-four of section</u>
	<u>two hundred ten-b</u>

§ 4. Re-entry employment incentive tax credit pilot project. (a) Notwithstanding any inconsistent provision of law, the commissioner of labor, or his or her designee, shall, before January 1, 2020, consult with The Fortune Society to identify and designate 100 formerly incarcerated qualified individuals, as such term is defined in paragraph (c) of subdivision 54 of section 210-b of the tax law, to participate in the pilot project established by this section for a period of three years beginning on January 1, 2020. A taxpayer that employs one or more such designated qualified individuals on or after January 1, 2020 shall be allowed a credit, against the tax imposed by article 9-A or article 22 of the tax law in the amount prescribed by subdivision 54 of section 210-b of the tax law or subsection (k-1) of section 606 of the tax law as applicable. The commissioner of labor and the commissioner of taxation and finance shall promulgate all necessary rules and regulations to implement the re-entry employment incentive tax credit pilot project established by this section.

(b) Further, the commissioner of labor, in consultation with the Center for NuLeadership on Urban Solutions at Medgar Evers College at the City University of New York, shall produce a report on the effectiveness of the pilot project established by this section in creating employment opportunities for persons with criminal convictions. Such report shall be submitted to the governor, temporary president of the senate, speaker of the assembly and the chairpersons of the senate crime victims, crime and correction committee, assembly correction committee, senate codes committee, assembly codes committee, senate finance committee and assembly ways and means committee on or before March 31, 2023.

§ 5. This act shall take effect immediately; provided, however, that the credits established by sections one, two and three of this act shall apply to taxable years beginning on or after January 1, 2020 and ending

1 not later than December 31, 2022; provided further that sections one,
2 two and three of this act shall expire and be deemed repealed, and
3 subdivision (a) of section four of this act shall expire and be deemed
4 repealed December 31, 2022, provided, further, that the section heading
5 and subdivision (b) of section four of this act shall expire and be
6 deemed repealed March 31, 2023.