

# STATE OF NEW YORK

5140

2021-2022 Regular Sessions

## IN SENATE

February 25, 2021

Introduced by Sen. RATH -- 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 Hire-Now tax credit

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

1 Section 1. The tax law is amended by adding a new section 45 to read  
2 as follows:

3 § 45. Hire-Now tax credit. (a) Allowance of credit. A taxpayer, which  
4 is subject to tax under article nine-A or twenty-two of this chapter and  
5 which creates a new job, shall be allowed a credit against such tax. The  
6 amount of the credit allowed under this section shall be equal to the  
7 product of 6.85 percent and the gross wages paid for each new employee.  
8 The credit shall not be more than five thousand dollars for any new  
9 employee for one full year of employment; if a new employee has been  
10 hired for less than a full tax year this amount shall be prorated and  
11 apportioned to each tax year but shall in no way decrease the full three  
12 consecutive years of credit eligibility. The taxpayer may claim this  
13 credit for each new employee for a period of three consecutive years of  
14 employment. The taxpayer may offset quarterly estimated tax returns  
15 with the amount of this credit earned in any previous quarter.

16 (b) Unemployment enhancement. For calendar years two thousand twenty-  
17 three and two thousand twenty-four if a new employee was receiving unem-  
18 ployment insurance benefits at the time of hire, an additional three  
19 thousand dollar credit will be allowed for the first full year of  
20 employment.

21 (c) Definitions. As used in this section, the following terms shall  
22 have the following meanings:

23 (1) "New employee" shall mean any full time employee that is hired by  
24 the taxpayer after July first, two thousand twenty-two and before April

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

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1 first, two thousand twenty-three, that causes the total number of  
2 employees to increase above base employment or credit employment, which-  
3 ever is higher.

4 (2) "Base year" shall mean calendar year two thousand twenty-one.

5 (3) "Base employment" shall mean the average number of full time  
6 employees or full time equivalent employees during the base year. For a  
7 new business, base employment shall begin at zero.

8 (4) "Credit employment" shall mean base employment plus the number of  
9 new employees for which a credit is earned for the prior tax years.

10 (d) Replacement employees. If one or more new employees for which a  
11 credit was earned leaves the payroll during the same taxable year that  
12 an individual is hired by the taxpayer to work in this state, causing  
13 the taxpayer's total employment to equal an amount that is above base  
14 employment but at or below the computed credit employment for the taxa-  
15 ble year, the credit eligibility period for the individual hired during  
16 the taxable year shall be three years minus the amount of time (rounded  
17 to the next full month) that the taxpayer received the credit for the  
18 departing employee.

19 (e) No credit shall be allowed under this section to a taxpayer for  
20 any new employee if the taxpayer claims any other credit under this  
21 article for such new employee where the basis of such other credit is an  
22 increase in employment.

23 § 2. Section 210-B of the tax law is amended by adding a new subdivi-  
24 sion 55 to read as follows:

25 55. Hire-Now tax credit. (a) Allowance of credit. A taxpayer will be  
26 allowed a credit, to be computed as provided in section forty-five of  
27 this chapter, against the tax imposed by this article.

28 (b) Application of credit. The credit allowed under this subdivision  
29 for any taxable year may not reduce the tax due for such year to less  
30 than the higher of the amounts prescribed in paragraph (d) of subdivi-  
31 sion one of section two hundred ten of this article. However, if the  
32 amount of credit allowed under this subdivision for any taxable year  
33 reduces the tax to such amount, any amount of credit thus not deductible  
34 in such taxable year will be treated as an overpayment of tax to be  
35 credited or refunded in accordance with the provisions of section one  
36 thousand eighty-six of this chapter. Provided, however, the provisions  
37 of subsection (c) of section one thousand eighty-eight of this chapter  
38 notwithstanding, no interest will be paid thereon.

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

41 (kkk) Hire-Now tax credit. (1) A taxpayer will be allowed a credit, to  
42 the extent allowed under section forty-five of this chapter, against the  
43 tax imposed by this article.

44 (2) Application of credit. If the amount of the credit allowed under  
45 this subsection for any taxable year exceeds the taxpayer's tax for such  
46 year, the excess will be treated as an overpayment of tax to be credited  
47 or refunded in accordance with the provisions of section six hundred  
48 eighty-six of this article, provided, however, that no interest will be  
49 paid thereon.

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

53 <u>(xlvi) Hire-Now tax credit</u>	<u>Amount of credit under</u>
54 <u>under subsection (kkk)</u>	<u>subdivision fifty-five of</u>
55	<u>section two hundred ten-B</u>

56 § 5. This act shall take effect immediately.