

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.