STATE OF NEW YORK

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2023-2024 Regular Sessions

IN SENATE

(Prefiled)

January 4, 2023

Introduced by Sens. BORRELLO, GALLIVAN, O'MARA -- 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 establishing a first permanent payroll employee tax credit

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

Section 1. Section 210-B of the tax law is amended by adding a new subdivision 59 to read as follows:

59. First permanent payroll employee credit. (a) General. A taxpayer shall be allowed a credit, to be computed as provided in this subdivision, against the tax imposed by this article for the first full-time, permanent employee such taxpayer employs, provided that such full-time, permanent employee is accounted for on such taxpayer's employer payroll records. Such credit shall be available for each of the three years succeeding the date a taxpayer employs their first full-time, permanent employee.

(b) Amount of credit. A credit authorized by this subdivision shall be equal to:

(1) in the first year, twenty-five percent of the total cost to employ a full-time, permanent employee, when such employee is accounted for on an employer's payroll records and is the first full-time, permanent employee such taxpayer has hired;

(2) in the second year, twenty percent of the total cost to employ a full-time, permanent employee, when such employee is accounted for on an employer's payroll records and is the first full-time, permanent employee such taxpayer has hired; and

(3) in the third year, ten percent of the total cost to employ a full-time, permanent employee, when such employee is accounted for on an

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

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employer's payroll records and is the first full-time, permanent employee such taxpayer has hired.

(c) Carryovers. The credit allowed under this subdivision may be claimed and if not fully used in the initial year for which the credit is claimed may be carried over, in order, to each of the two succeeding taxable years. The credit authorized by this subdivision may not be used to reduce the tax liability of the credit claimant below zero.

(d) Definitions. For purposes of this subdivision, the following terms shall have the following meanings:

(1) "Total cost to employ" shall mean base salary, New York state payroll taxes and the value of employment benefits received.

(2) "New York state payroll taxes" shall mean all state taxes paid by an employer from such employer's own funds and directly related to employing an employee.

(e) Aggregate amount. The aggregate amount of tax credits allowed pursuant to the authority of this subdivision and subsection (ooo) of section six hundred six of this chapter shall be fifteen million dollars each year. Such aggregate amounts of credits shall be allocated by the commissioner. If the total amount of allocated credits applied for in any particular year exceeds the aggregate amount of tax credits allowed for such year under this section, such excess shall be treated as having been applied for on the first day of the subsequent year.

(f) Claim of credit. (1) Taxpayers shall be eligible to claim such credit beginning in the first taxable year after such taxpayer has employed their first full-time, permanent employee, as verified on such taxpayer's payroll records.

(2) A taxpayer shall not be allowed to claim this credit to the extent the basis of the calculation of this credit has been claimed for another tax credit under this chapter.

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

(ooo) First permanent payroll employee credit. (1) General. A taxpayer shall be allowed a credit, to be computed as provided in this subsection, against the tax imposed by this article for the first full-time, permanent employee such taxpayer employs, provided that such full-time, permanent employee is accounted for on such taxpayer's employer payroll records. Such credit shall be available for each of the three years succeeding the date a taxpayer employs their first full-time, permanent employee.

(2) Amount of credit. A credit authorized by this subsection shall be equal to:

(A) in the first year, twenty-five percent of the total cost to employ a full-time, permanent employee, when such employee is accounted for on an employer's payroll records and is the first full-time, permanent employee such taxpayer has hired;

(B) in the second year, twenty percent of the total cost to employ a full-time, permanent employee, when such employee is accounted for on an employer's payroll records and is the first full-time, permanent employee such taxpayer has hired; and

(C) in the third year, ten percent of the total cost to employ a full-time, permanent employee, when such employee is accounted for on an employer's payroll records and is the first full-time, permanent employee such taxpayer has hired.

(3) Carryovers. The credit allowed under this subsection may be claimed and if not fully used in the initial year for which the credit is claimed may be carried over, in order, to each of the two succeeding

taxable years. The credit authorized by this subsection may not be used to reduce the tax liability of the credit claimant below zero.

(4) Definitions. For purposes of this subsection, the following terms shall have the following meanings:

(A) "Total cost to employ" shall mean base salary, New York state payroll taxes and the value of employment benefits received.

(B) "New York state payroll taxes" shall mean all state taxes paid by an employer from such employer's own funds and directly related to employing an employee.

(5) Aggregate amount. The aggregate amount of tax credits allowed pursuant to the authority of this subsection and subdivision fifty-nine of section two hundred ten-B of this chapter shall be fifteen million dollars each year. Such aggregate amounts of credits shall be allocated by the commissioner. If the total amount of allocated credits applied for in any particular year exceeds the aggregate amount of tax credits allowed for such year under this section, such excess shall be treated as having been applied for on the first day of the subsequent year.

(6) Claim of credit. (A) Taxpayers shall be eligible to claim such credit beginning in the first taxable year after such taxpayer has employed their first full-time, permanent employee, as verified on such taxpayer's payroll records.

(B) A taxpayer shall not be allowed to claim this credit to the extent the basis of the calculation of this credit has been claimed for another tax credit under this chapter.

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

(l) First permanent payroll employee credit under subsection (ooo)	Amount of credit under subdivision fifty-nine of section two hundred ten-B

§ 4. This act shall take effect immediately and shall apply to taxable years commencing on and after January 1, 2024.