

# STATE OF NEW YORK

4454

2025-2026 Regular Sessions

## IN ASSEMBLY

February 4, 2025

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

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:

1 Section 1. Section 210-B of the tax law is amended by adding a new  
2 subdivision 61 to read as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 <u>(lii) First permanent payroll</u>	<u>Amount of credit under subdivision</u>
27 <u>employee credit under subsection</u>	<u>sixty-one of section two hundred</u>
28 <u>(qqq)</u>	<u>ten-B</u>

29 § 4. This act shall take effect immediately and shall apply to taxable  
30 years commencing on and after January 1, 2025.