

STATE OF NEW YORK

7016

2025-2026 Regular Sessions

IN ASSEMBLY

March 18, 2025

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

AN ACT to amend the tax law, in relation to expanding New York's manufacturing incentive to S corporations

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

1 Section 1. Paragraph 22 of subsection (c) of section 612 of the tax
2 law, as amended by chapter 606 of the laws of 1984, subparagraph (A) as
3 amended by chapter 28 of the laws of 1987, and subparagraph (B) as
4 amended by chapter 190 of the laws of 1990, is amended to read as
5 follows:

6 (22) In the case of a shareholder of an S corporation (A) where the
7 election provided for in subsection (a) of section six hundred sixty of
8 this article has not been made with respect to such corporation, any
9 item of income of the corporation included in federal gross income
10 pursuant to section thirteen hundred sixty-six of the internal revenue
11 code, [~~and~~]

12 (B) in the case of a New York S termination year, subparagraph (A) of
13 this paragraph shall apply to the amounts of income determined under
14 subsection (s) of this section, and

15 (C) in the case of distributions as defined by sections three hundred
16 one and thirteen hundred sixty-eight of the internal revenue code from
17 corporations described in subparagraph (A) of this paragraph, and that
18 are qualified New York manufacturers as defined by subparagraph (vi) of
19 paragraph (a) of subdivision one of section two hundred ten of this
20 chapter, received during the tax year of the shareholder, the lesser of:

21 (1) the shareholder's combined separately stated items of income,
22 loss, or deduction, described in paragraph two of subsection (a) of
23 section thirteen hundred sixty-six of the internal revenue code and
24 regulations promulgated thereunder, that are includable in, or deduct-
25 ible from, a shareholder's federal taxable income, multiplied by the

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

LBD10131-01-5

1 highest marginal federal tax rate for individuals in section one of the
2 internal revenue code, in effect for the shareholder's tax year,
3 provided, however, that if there is more than one such rate in effect
4 during such year, a blended rate, considering each rate and the number
5 of months in effect, shall be used, and

6 (2) the amount of actual distributions made to the shareholder during
7 the shareholder's tax year.

8 § 2. Paragraph 2 of subsection (e) of section 612 of the tax law, as
9 amended by chapter 166 of the laws of 1991, is amended to read as
10 follows:

11 (2) Shareholders of S corporations which are New York C corporations.
12 In the case of a shareholder of an S corporation which is a New York C
13 corporation, (A) the modifications under this section which relate to
14 the corporation's items of income, loss and deduction shall not apply,
15 except for the modifications provided under paragraph nineteen of
16 subsection (b) and paragraph twenty-two of subsection (c) of this
17 section, and

18 (B) the modification for corporate distributions described in subpara-
19 graph (C) of paragraph twenty-two of subsection (c) of this section
20 shall apply.

21 § 3. Paragraph 2 of subsection (a) of section 631 of the tax law, as
22 amended by chapter 170 of the laws of 1994, is amended to read as
23 follows:

24 (2) The portion of the modifications described in subsections (b) and
25 (c) of section six hundred twelve of this article which relate to income
26 derived from New York sources (including any modifications attributable
27 to ~~him~~ such individual as a partner or shareholder of a New York S
28 corporation), provided, however, that modifications for corporate
29 distributions described in subparagraph (C) of paragraph twenty-two of
30 subsection (c) of section six hundred twelve of this article shall be
31 limited to the amount of the distributions which relate to income
32 derived from New York sources and are included in the shareholder's New
33 York adjusted gross income.

34 § 4. This act shall take effect on the first of January next succeed-
35 ing the date on which it shall have become a law and shall apply to all
36 tax years commencing on or after such date.