

STATE OF NEW YORK

1301

2025-2026 Regular Sessions

IN SENATE

January 9, 2025

Introduced by Sens. BORRELLO, GALLIVAN, OBERACKER, O'MARA, ORTT, TEDISCO
-- 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:

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.