§ 574. Insolvency or bankruptcy. 1. Priority of contributions. In the event of the dissolution, insolvency, composition, or assignment for benefit of creditors of any employer, contributions then and thereafter due from such employer under this article, together with any interest and penalties thereon, shall (1) be on a parity with taxes (other than real property taxes), together with any interest and penalties thereon, due the state of New York or any city thereof and (2) have priority over all other claims, except taxes due the United States and wages due for employment performed within the three months preceding such event. In the event of an employer's adjudication in bankruptcy, judicially confirmed extension proposal, composition, or reorganization under the federal bankruptcy act, contributions then and thereafter due under this article, together with any interest and penalties thereon, shall be entitled to such priority as is provided in such act.

2. Discharge in bankruptcy. If the commissioner was given due notice or had knowledge of the bankruptcy proceedings, the payment of contributions due, together with interest and penalties thereon, which accrued on or before the date of the petition for bankruptcy and which remain unpaid upon the discharge of the employer in bankruptcy by a court of competent jurisdiction, shall not be enforced unless civil action or warrant proceedings are begun not later than two years after the date of such discharge and their total amount is two thousand dollars or more.