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## New York State Budget Update

New York State has a FY 2022 Enacted State Budget. Both Houses of the State Legislature finalized and passed the 2021-22 State Budget deal a few days past the April 1 budget deadline. Governor Cuomo then signed the budget bills into law. The \$212 billion spending plan includes \$5.5 billion in federal aid.

MACNY, and our Alliance Partners, thank the State Senate for restoring funding of our apprenticeship program (MIAP) in its one-house budget resolution, which was subsequently included in the final state budget. We also support the Medical Supplies Act to help incentivize manufacturers statewide that have pivoted production to meet the needs of the COVID-19 pandemic. The new measure took effect on April 1.

Despite the additional federal aid, the state budget included increased taxes on New York's highest earners— \$3.5 billion in FY 2022 rising to \$4.3 billion in FY 2023. While we oppose any tax increases that could eventually drive business out of the state, we were pleased that legislators acted to keep qualified manufacturers exempt from such increases.

This budget season was a challenging one as we did not know in the beginning how much federal aid was coming to New York State, and we held most of our advocacy meetings and presented testimony virtually. We will continue to hold virtual meetings with our state legislators as the 2021 Legislative Session continues. Below you will find a summary of some of the budget items that may have an impact on your business.

### **New York Medical Supplies Act**

All contracts over \$50,000 in value made and awarded by a state department or agency for the purchase of personal protective equipment (PPE) or medical supplies will require that these items be produced or made in the United States. However, the agency or department head has the discretion to waive this provision if it would unreasonably increase costs, PPE or supplies cannot be adequately located in the U.S., or if it could result in a delay of delivering critical services.

### **Small Business and Arts Relief and Recovery Assistance**

The new State Budget includes a \$1 Billion small business, arts, entertainment, and restaurant relief package to help businesses and other organizations recover from the pandemic.

### **Small Business Recovery Grant Program**

The program will provide more than \$800 million in grants for small businesses and not for profits impacted by the COVID-19 pandemic. Grants awarded from this program shall be available to eligible micro-businesses, small businesses, and certain independent arts and cultural organizations that do not qualify for business assistance grant programs under the federal American Rescue Plan Act of 2021, or any other available federal COVID-19 economic recovery or business assistance grant programs. Empire State Development will create an application for this program.

## **COVID-19 Recovery Workforce Development & Training Initiative**

This funding will provide training in high-growth industries, employer-driven training for low-income workers and funding for small businesses to re-train and hire furloughed or laid-off employees or to hire new employees.

## **New York State Manufacturers Intermediary Apprenticeship Program (NYS MIAP)**

The state budget includes \$750,000 for the Manufacturers Intermediary Apprenticeship Program.

## **Regional Economic Development Council**

The state budget includes \$750 million in continued funding for Regional Economic Development Councils.

## **Pass-Through Entity Tax**

The tax law has been amended to create a new elective state Pass-Through Entity Tax by expanding the number of eligible pass-through entities.

## **Child Care Tax Credit**

The existing tax credit program will be expanded to incentivize more employers to provide childcare to their employees and expands the number of Excelsior Job participants who are eligible to utilize the new Excelsior Job credits for childcare.

## **Middle Class Property Tax Relief**

The new State Budget will provide a personal income tax credit for homeowners with incomes up to \$250,000, and who pay a higher percentage of their income on property taxes. The income tax credits will range between \$250 and \$350. It also continues the middle-class personal income tax cut program valued at about \$400 million.

## **NYSERDA Renewable Energy RFPs**

For RFPs, contracts, etc. issued after October 1, 2021, certain renewable energy projects may have Buy American requirements. NYSERDA also can include a preference for New York equipment and supplies in RFPs.

## **Corporate Franchise Tax**

A temporary surcharge will be enacted on the corporate tax rate from 6.5% to 7.25% for three years through tax year 2023 for taxpayers with business income greater than \$5 million. The rate is unchanged for companies that have income under \$5 million. The capital base method increase continues to exempt qualified manufacturers, emerging technology companies, and cooperative housing corporations.

## **Personal Income Tax Increase**

For individual filers, whose income is more than \$1 million and joint filers over \$2 million, the income tax rate will increase from 8.82 percent to 9.65 percent. For filers whose income is between \$5 million and \$25 million, a new bracket is created at a rate of 10.30 percent, and for those over \$25 million the rate will be 10.90 percent.

To review the highlights from the FY 2022 budget, visit <https://www.governor.ny.gov/news/governor-cuomo-announces-highlights-fy-2022-budget-reimagine-rebuild-and-renew-new-york>.