

GOVERNMENT RELATIONS

Tiffany Latino-Gerlock, Director of Government Relations & Communications

NEW YORK'S FINAL STATE BUDGET - WHAT DOES IT INCLUDE FOR NEW YORK BUSINESSES?



The FY 2023 State Budget stands as an historic investment in New York. The approximately \$220 billion agreement between the State Legislature and Governor Hochul, boosted by federal funds and a tax surplus, includes several business-related measures to provide aid to small businesses, enhance workforce development and education initiatives, and expand childcare eligibility.

MACNY is thrilled to report that the final New York State Budget includes continued funding for the Manufacturers Intermediary Apprenticeship Program (MIAP) to sustain the program and additional funding to expand and enhance the program statewide. MACNY, the Alliance Partners, and our partners at Ostroff Associates are thankful to the State Legislature and Governor Hochul for including this critical funding in the final budget. Other measures that will impact New York businesses include:

Small Business Tax Relief - This bill will expand the small business tax relief subtraction modification under the personal income tax. It also will expand the definition of a small business to include a limited liability company, partnership, or S corporation that is not a farm business and has a New York gross business income less than \$1.5 million.

Tax Credit for Small Business Covid-19 Related Expenses - This bill will create the COVID-19 capital costs tax credit program to aid small businesses that incurred expenses related to the pandemic or for infectious disease mitigation. The refundable credit will be available to small businesses with \$2.5 million or less of gross receipts that incurred qualifying COVID-19 capital costs from January 1st, 2021, through December 31st, 2022.

Acceleration of the Middle-Class Tax Cut - This bill will accelerate the middle-class tax cuts to begin in Tax Year 2023 rather than Tax Year 2025.

Use of College Savings (529) Accounts for Apprenticeship Programs - This bill will make qualified apprenticeship expenses

eligible for spending out of college savings (529) accounts. As an initiative to expand access to apprenticeship programs, this bill would make apprenticeships a qualified use of college (529) savings accounts under New York State law.

Gas Tax Holiday - This measure will suspend the state's tax on gasoline starting June 1st through the end of the year. Local governments could also opt to suspend their gas tax.

Extension of the Empire State Apprenticeship Tax Credit - This bill will extend the Empire State Apprenticeship Tax Credit program for an additional five years, through 2027. The budget also extends the Hire-A-Vet tax credit and extends the New York Youth Jobs Program Tax Credit.

Extension of the Workers with Disabilities Tax Credit - This bill will extend the workers with disabilities tax credit for three years through tax years beginning before January 1st, 2026, to provide tax incentives to employers of qualified full-time employees with disabilities.

Expanded Income Eligibility for Child Care Subsidies - This bill will expand access to childcare subsidies for families by raising the maximum income for eligibility from 200 percent to 300 percent of the Federal Poverty Level (FPL), statewide.

MACNY and our Alliance Partners are also pleased to announce that certain proposals were not in the final budget, though they will likely come up for discussion during the rest of legislative session.

All-Electric Buildings - The FY 2023 State Budget did not include a proposal to ban the use of natural gas in most new construction buildings. MACNY remains concerned about this proposal and will continue to oppose and track any new developments.

Extended Producer Responsibility - A plan for an extended producer responsibility program for packaging was not included in New York's final budget. The plan would require certain producers to cover the cost of recycling.

Though tax parity for New York "pass-through" manufacturers was not included in the final FY 2023 State Budget, we made significant progress as the legislation was included in the Assembly-one house budget proposal, helping lay the groundwork for more momentum the next budget cycle. We thank the bill sponsors, Assemblyman Al Stirpe, Chair of the Committee on Small Business, and Senator Anna Kaplan, Chair of the Commerce and Economic Development Committee, for their efforts. We will continue to build support and advocate for our small-to-medium sized manufacturers as the year progresses.