

## LI officials rally behind startup tax credit

by Claude Solnik

Published: August 3rd, 2012

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High-profile Long Islanders involved in technology and business are rallying behind a new federal proposal to provide tax credits to startups for research and development.

U.S. [Sen. Charles Schumer](#) and three of his colleagues earlier this week proposed the [Startup Innovation Credit Act of 2012](#), which would let startups obtain credits against payroll taxes rather than against income taxes.

"This bill will make sure startups on Long Island and throughout the country can devote more resources to innovation and creating jobs," Schumer said.

Although it's too early to tell whether the legislation will pass, Long Island business and technology officials greeted the proposal as having the potential to fuel efforts to start new companies on Long Island.

[Long Island Association](#) President Kevin Law said the legislation would "provide startup companies the tools they need to continue to grow their businesses and create thriving new sectors in the Long Island economy."

And Resi Cooper, interim executive director for Accelerate Long Island, which is seeking to boost technology businesses on Long Island, said startups on "Long Island need every break they can get and a tax break is a great start."

Accountants also said that letting startups take tax credits against payroll, not income taxes, could have a particularly big impact in this region.

"There are a lot technology companies on Long Island. This would be an incentive," said Carolyn Mazzenga, a partner at Melville-based Marcum. "Instead of them rushing off the Island because it's too expensive, this would be a way to help startup companies stay here."

She said the tax-credit could let startups hire more workers, which would benefit the local economy.

"For startup companies to increase research and development, they need to increase their payroll," Mazzenga said. "If they're increasing their payroll, their costs are going up. A credit could offset some of those payroll costs."

But Mazzenga said the credit might impact a wide range of companies, not traditionally considered tech firms, since research and development isn't necessarily limited to that sector.

To qualify for the initiative, companies need to be less than five years old and have less than \$5 million in gross receipts.

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