2. Corporate Franchise Tax Rate – ENI Base Calculation Rate Reduction
   a. The corporate franchise tax rate is reduced from 7.1% to 6.5% of "net income base" for taxable years beginning on or after January 1, 2016.
   b. Specific industries have also received a rate reduction:
      i. "Qualified New York Manufacturers" have a tax rate of 0%
      ii. "Qualified Emerging Technology Companies" (QETCs) are taxed at 5.9% in 2014, and have the rate gradually decreased to 4.875% beginning in 2018.
      iii. "Small businesses" can begin utilizing the 6.5% rate in tax year 2014.

Qualified New York Manufacturers currently must meet property and receipts tests. Under the new law, they will be required to continue to meet these tests:

- Either all or at least $1 million of manufacturing property is in New York; and
- At least 50% of receipts must be from manufacturing.
  - A taxpayer, or combined group, that fails the receipts test may still be a Qualified New York Manufacturer if it has at least 2,500 New York manufacturing employees and at least $100 million of manufacturing property in New York.

A taxpayer is a *qualified emerging technology company* if it meets the definition in Public Authorities Law Section 3102-e(1)(c), except that the $10 million limitation under §3102-e(1)(c)(1) does not apply. Specifically, a "qualified emerging technology company" is a company located in New York State whose primary products or services are classified as "emerging technologies" or a company which has research and development activities in New York State and whose ratio of research and development funds to net sales equals or exceeds the average ratio for all surveyed companies as determined by the National Science Foundation and whose total annual product sales are $10 million or less.

"Emerging technologies" include:

- advanced materials and processing technologies;
- engineering, production, and defense technologies;
- electronic and photonic devices and components;
- information and communication technologies, equipment and systems that involve advanced computer software and hardware, visualization technologies, and human interface technologies;
- biotechnologies; and
- remanufacturing technologies

A *small business taxpayer* is defined as a taxpayer with (1) ENI of $390,000 or less, (2) $1 million or less in the aggregate amount of money and other property it received for stock, as a contribution to capital and as paid-in surplus, and (3) 100 or fewer New York employees. The taxpayer cannot be part of an affiliated group unless the group itself would meet the test if it had filed a combined return. The employment test does not apply to the 2014 tax year.

Note, though, that this is a single branch of the franchise tax. Thus, while the rate is favorable for certain taxpayers, other calculations, such as the Fixed Dollar Minimum, will remain, and may impose a tax burden.