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I N   S E N A T E

March 25, 2014

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Introduced by Sens. RITCHIE, BALL, BONACIC, DeFRANCISCO, FARLEY, GALLIVAN, GRIFFO, GRISANTI, LARKIN, LAVALLE, LIBOUS, LITTLE, MARCHIONE, MAZIARZ, NOZZOLIO, O'MARA, RANZENHOFER, ROBACH, SEWARD, VALESKY, YOUNG -- read twice and ordered printed, and when printed to be committed to the Committee on Investigations and Government Operations

AN ACT to amend the tax law, in relation to providing a tax credit to farmers who sell or rent their agricultural land to a young farmer

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1     Section 1. Section 210 of the tax law is amended by adding a new  
2     subdivision 48 to read as follows:  
3     48. CREDIT FOR FARMERS WHO SELL OR RENT THEIR AGRICULTURAL LAND TO A  
4     YOUNG FARMER. (A) ALLOWANCE OF CREDIT. A TAXPAYER THAT IS AN AGRICUL-  
5     TURAL BUSINESS PRINCIPALLY ENGAGED IN FARMING, AS SUCH TERM IS DEFINED  
6     IN PARAGRAPH NINETEEN OF SUBDIVISION (B) OF SECTION ELEVEN HUNDRED ONE  
7     OF THIS CHAPTER SHALL BE ALLOWED A CREDIT AGAINST THE TAX IMPOSED BY  
8     THIS ARTICLE FOR THE SALE OR RENT OF THEIR AGRICULTURAL LANDS TO A YOUNG  
9     FARMER, AS DEFINED IN THIS SECTION. SUCH CREDIT SHALL BE TEN PERCENT OF  
10    THE PURCHASE PRICE OR RENTAL AMOUNT OF THE AGRICULTURAL LANDS.  
11    (B) FOR PURPOSES OF THIS SUBDIVISION, "YOUNG FARMER" SHALL MEAN A  
12    FARMER WHO HAS NOT PRODUCED AN AGRICULTURAL PRODUCT FOR MORE THAN TEN  
13    CONSECUTIVE YEARS, WHERE AGRICULTURAL PRODUCT MEANS ANY AGRICULTURAL OR  
14    AQUACULTURAL PRODUCT OF THE SOIL OR WATER, INCLUDING BUT NOT LIMITED TO  
15    FRUITS, VEGETABLES, EGGS, DAIRY PRODUCTS, MEAT AND MEAT PRODUCTS, POUL-  
16    TRY AND POULTRY PRODUCTS, FISH AND FISH PRODUCTS, GRAIN AND GRAIN  
17    PRODUCTS, HONEY, NUTS, PRESERVES, MAPLE SAP PRODUCTS, APPLE CIDER, FRUIT  
18    JUICE, HORTICULTURAL SPECIALTIES, AND CHRISTMAS TREES AND WHO WILL MATE-  
19    RIALY AND SUBSTANTIALLY PARTICIPATE IN THE PRODUCTION OF AN AGRICUL-  
20    TURAL PROJECT.  
21    (C) PRIOR TO SALE, THE SELLER SHALL CONVEY TO THE DEPARTMENT OF AGRI-  
22    CULTURE AND MARKETS, AN EASEMENT, THE TERMS OF WHICH LIMIT DEVELOPMENT  
23    OF THE LAND TO AGRICULTURAL BUSINESS, PRINCIPALLY FARMING, AS SUCH TERM  
24    IS DEFINED IN PARAGRAPH NINETEEN OF SUBDIVISION (B) OF SECTION ELEVEN

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets  
[ ] is old law to be omitted.

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1 HUNDRED ONE OF THIS CHAPTER. THE EASEMENT SHALL EXPIRE NOT LESS THAN TEN  
2 YEARS FROM THE DATE OF SALE.

3 S 2. Subsections (yy) and (zz) of section 606 of the tax law, as  
4 relettered by section 5 of part H of chapter 1 of the laws of 2003, are  
5 relettered subsections (yyy) and (zzz) and a new subsection (xx) is  
6 added to read as follows:

7 (XX) CREDIT FOR THE SALE OR RENT OF AGRICULTURAL LAND TO A YOUNG FARM-  
8 ER. (1) ALLOWANCE OF CREDIT. A TAXPAYER WHOSE FEDERAL GROSS INCOME FROM  
9 FARMING FOR THE TAXABLE YEAR IS AT LEAST TWO-THIRDS OF EXCESS FEDERAL  
10 GROSS INCOME SHALL BE ALLOWED A CREDIT AGAINST THE TAX IMPOSED BY THIS  
11 ARTICLE FOR THE SALE OR RENT OF AGRICULTURAL LAND OR EQUIPMENT TO A  
12 YOUNG FARMER, AS DEFINED BY SECTION TWO HUNDRED TEN OF THIS CHAPTER.  
13 SUCH CREDIT SHALL BE TEN PERCENT OF THE PURCHASE PRICE OF RENTAL AMOUNT  
14 OF THE AGRICULTURAL LAND, AND SHALL BE ALLOWED NOTWITHSTANDING  
15 SUBSECTION (KK) OF THIS SECTION.

16 (2) DEFINITIONS. FOR PURPOSES OF THIS SUBSECTION, THE FOLLOWING DEFINI-  
17 TIONS SHALL APPLY:

18 (A) "EXCESS FEDERAL GROSS INCOME" MEANS THE AMOUNT OF FEDERAL GROSS  
19 INCOME FROM ALL SOURCES FOR THE TAXABLE YEAR REDUCED BY THE SUM (NOT TO  
20 EXCEED THIRTY THOUSAND DOLLARS, OF THOSE ITEMS INCLUDED IN FEDERAL GROSS  
21 INCOME WHICH CONSIST OF:

- 22 (I) EARNED INCOME,
- 23 (II) PENSION PAYMENTS, INCLUDING SOCIAL SECURITY PAYMENTS,
- 24 (III) INTEREST, AND
- 25 (IV) DIVIDENDS.

26 (B) FOR PURPOSES OF THIS PARAGRAPH, THE TERM "EARNED INCOME" SHALL  
27 MEAN WAGES, SALARIES, TIPS AND OTHER EMPLOYEE COMPENSATION, AND THOSE  
28 ITEMS OF GROSS INCOME WHICH ARE INCLUDIBLE IN THE COMPUTATION OF NET  
29 EARNINGS FROM SELF-EMPLOYMENT. FOR THE PURPOSES OF THIS PARAGRAPH,  
30 PAYMENTS FROM THE STATE'S FARMLAND PROTECTION PROGRAM, ADMINISTERED BY  
31 THE DEPARTMENT OF AGRICULTURE AND MARKETS, SHALL BE INCLUDED AS FEDERAL  
32 GROSS INCOME FROM FARMING.

33 (3) APPLICATION OF CREDIT. IF THE AMOUNT OF THE CREDIT ALLOWED UNDER  
34 THIS SUBSECTION FOR ANY TAXABLE YEAR SHALL EXCEED THE TAXPAYER'S TAX FOR  
35 SUCH YEAR, THE EXCESS SHALL BE TREATED AS AN OVERPAYMENT OF TAX TO BE  
36 CREDITED OR REFUNDED IN ACCORDANCE WITH THE PROVISIONS OF SECTION SIX  
37 HUNDRED EIGHTY-SIX OF THIS ARTICLE, PROVIDED, HOWEVER, THAT NO INTEREST  
38 SHALL BE PAID THEREON.

39 S 3. This act shall take effect immediately and shall apply to taxable  
40 years beginning on and after January 1, 2015.