

# STATE OF NEW YORK

8862--A

## IN SENATE

January 12, 2026

Introduced by Sen. HINCHEY -- read twice and ordered printed, and when printed to be committed to the Committee on Investigations and Government Operations -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the tax law, in relation to providing a tax credit for sales or rentals of agricultural assets to emerging farmers; and to amend the agriculture and markets law, in relation to establishing duties of the commissioner of agriculture and markets with respect thereto

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. This act shall be known and may be cited as the "New York  
2 emerging farmer tax credit act".

3 § 2. The tax law is amended by adding a new section 50 to read as  
4 follows:

5 § 50. Credit for owners of agricultural assets. (a) General. A taxpayer  
6 that has been certified by the commissioner of agriculture and  
7 markets as a certified owner of agricultural assets shall be eligible  
8 for a credit against the tax imposed under article nine-A or twenty-two  
9 of this chapter, pursuant to the provisions referenced in this section.

10 (b) Definitions. For purposes of this section, the following terms  
11 shall have the following meanings:

12 (1) "Agricultural assets" shall mean agricultural land, livestock,  
13 facilities, buildings, or machinery used for farming.

14 (2) "Emerging farmer" means a resident of New York who:

15 (i) is seeking entry, or has entered within the last ten years, into  
16 farming;

17 (ii) intends to farm land located within the state borders of New  
18 York;

19 (iii) is not related by blood or marriage to the owner of the agricul-  
20 tural assets from whom the emerging farmer is seeking to purchase or  
21 rent agricultural assets;

22 (iv) is not related by blood or marriage to a partner, member, share-  
23 holder, or trustee of the owner of agricultural assets from whom the  
24 emerging farmer is seeking to purchase or rent agricultural assets;

25 (v) intends to provide the majority of the day-to-day physical labor  
26 or management of the farm; and

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

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1 (vi) meets the eligibility requirements for certification as an emerg-  
2 ing farmer as determined by the commissioner of agriculture and markets.

3 (3) "Farm product" shall have the same meaning as crops, livestock and  
4 livestock products as defined in subdivision two of section three  
5 hundred one of the agriculture and markets law.

6 (4) "Farming" means the active use, management, and operation of real  
7 and personal property for the production of a farm product.

8 (5) "Owner of agricultural assets" means an individual, trust, part-  
9 nership, or business entity that:

10 (i) is the owner in fee of agricultural land or has legal title to any  
11 other agricultural asset;

12 (ii) is a New York state resident;

13 (iii) derived at least fifty percent of the individual's, trust's,  
14 partnership's or business entity's gross income from farming in at least  
15 five of the preceding fifteen years; and

16 (iv) provided the majority of the day-to-day physical labor and  
17 management of a farm in at least five of the preceding fifteen years.

18 If the owner is a partnership or business entity, the requirements  
19 outlined in subparagraphs (i), (ii), (iii) and (iv) of this paragraph  
20 shall be satisfied if any partner or shareowner, or any combination of  
21 the two, meet the requirements of this paragraph.

22 (6) "Rental agreement" means a rental agreement in which the principal  
23 consideration given to the owner of agricultural assets is a predeter-  
24 mined portion of the production of farm products produced from the rent-  
25 ed agricultural assets and which provides for sharing production costs  
26 or risk of loss, or both.

27 (c) Computation of credit. (1) An owner of agricultural assets may  
28 take a credit for the sale or rental of agricultural assets to an emerg-  
29 ing farmer. The credit shall be equal to the greater of:

30 (i) five percent of the sale price of the agricultural asset;

31 (ii) ten percent of the gross rental income in each of the first,  
32 second, and third years of a rental agreement; or

33 (iii) fifteen percent of the cash equivalent of the gross rental  
34 income in each of the first, second, and third years of a rental agree-  
35 ment.

36 (2) A qualifying rental agreement includes cash rent of agricultural  
37 assets or a rental agreement. The agricultural asset must be rented at  
38 prevailing community rates as determined by the commissioner of agricul-  
39 ture. The credit may be claimed only after approval and certification by  
40 the commissioner of agriculture and markets.

41 (3) An owner of agricultural assets or emerging farmer may terminate a  
42 rental agreement, for reasonable cause. Within fifteen days, the owner  
43 of agricultural assets must notify the commissioner of agriculture in  
44 writing of such termination. If a rental agreement is terminated without  
45 the fault of the owner of agricultural assets, the tax credits shall not  
46 be retroactively disallowed. If an agreement is terminated with fault by  
47 the owner of agricultural assets, any prior tax credits claimed under  
48 this subdivision by the owner of agricultural assets shall be disallowed  
49 and must be repaid to the commissioner of taxation and finance.

50 (d) Cross-references. For application of the credit provided for in  
51 this section, see the following provisions of this chapter:

52 (1) article 9-A: section 210-B: subdivision 63.

53 (2) article 22: section 606: subsections (i) and (uuu).

54 § 3. Section 210-B of the tax law is amended by adding a new subdivi-  
55 sion 63 to read as follows:

1 63. Tax credit for owners of agricultural assets. (a) Allowance of  
 2 credit. A taxpayer shall be allowed a credit, to be computed as provided  
 3 in section fifty of this chapter, against the tax imposed by this arti-  
 4 cle.

5 (b) Application of credit. The credit allowed under this subdivision  
 6 for any taxable year may not reduce the tax due for such year to less  
 7 than the amount prescribed in paragraph (d) of subdivision one of  
 8 section two hundred ten of this article. However, if the amount of cred-  
 9 it allowed under this subdivision for any taxable year reduces the tax  
 10 to such amount or if the taxpayer otherwise pays tax based on the fixed  
 11 dollar minimum amount, any amount of credit thus not deductible in such  
 12 taxable year will be treated as an overpayment of tax to be credited or  
 13 refunded in accordance with the provisions of section one thousand  
 14 eighty-six of this chapter. Provided, however, the provisions of  
 15 subsection (c) of section one thousand eighty-eight of this chapter  
 16 notwithstanding, no interest will be paid thereon.

17 § 4. Subparagraph (B) of paragraph 1 of subsection (i) of section 606  
 18 of the tax law is amended by adding a new clause (liii) to read as  
 19 follows:

20 <u>(liii) Credit for owners of</u>	<u>Amount of credit under</u>
21 <u>agricultural assets under</u>	<u>subdivision sixty-three of</u>
22 <u>subsection (uuu)</u>	<u>section two hundred ten-B</u>

23 § 5. Section 606 of the tax law is amended by adding a new subsection  
 24 (uuu) to read as follows:

25 (uuu) Credit for owners of agricultural assets. (1) A taxpayer shall  
 26 be allowed a credit, to be computed as provided in section fifty of this  
 27 chapter, against the tax imposed by this article.

28 (2) Application of credit. If the amount of credit allowed under this  
 29 subsection for any taxable year exceeds the taxpayer's tax for such  
 30 year, the excess will be treated as an overpayment of tax to be credited  
 31 or refunded in accordance with the provisions of section six hundred  
 32 eighty-six of this article, provided, however, that no interest will be  
 33 paid thereon.

34 § 6. Section 16 of the agriculture and markets law is amended by  
 35 adding a new subdivision 53 to read as follows:

36 53. (a) Establish a program for initial certification of owners of  
 37 agricultural assets and emerging farmers for purposes of eligibility for  
 38 a tax credit pursuant to section fifty of the tax law.

39 (b) Adopt, promulgate and implement rules, regulations and orders with  
 40 respect to application for certification, continued qualification for  
 41 certification and termination of certification of owners of agricultural  
 42 assets and/or emerging farmers for purposes of eligibility for such tax  
 43 credit.

44 (c) Certify rental agreements entered into by certified owners of  
 45 agricultural assets and emerging farmers are fair and at rates equal to  
 46 the market value of the farm product as provided in section fifty of the  
 47 tax law; provided that agricultural assets must be rented at prevailing  
 48 community rates as determined by the commissioner.

49 (d) Notify the commissioner of taxation and finance of all approved  
 50 applications and all applications for which certification was subse-  
 51 quently terminated by the commissioner.

52 § 7. This act shall take effect immediately and shall apply to taxable  
 53 years beginning on or after January 1, 2028.