

STATE OF NEW YORK

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IN ASSEMBLY

January 23, 2023

Introduced by M. of A. HAWLEY, McDONOUGH, PALMESANO, DiPIETRO, MORINELLO, NORRIS, JENSEN, ANGELINO, GALLAHAN, LEMONDES, DeSTEFANO, MANKTELOW, BYRNES -- Multi-Sponsored by -- M. of A. THIELE -- read once and referred to the Committee on Ways and Means

AN ACT to amend the tax law, in relation to the eligibility of farmers leasing land for the agricultural property tax credit

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

Section 1. Paragraphs (a) and (b) of subdivision 11 of section 210-B of the tax law, as added by section 17 of part A of chapter 59 of the laws of 2014, are amended to read as follows:

(a) General. In the case of a taxpayer which is an eligible farmer ~~[ex]~~, an eligible farmer ~~[who]~~ which has paid taxes pursuant to a land contract or an eligible farmer which has a leasehold interest of not fewer than five continuous years as a lessee of qualified agricultural property, there shall be allowed a credit for the allowable school district property taxes. The term "allowable school district property taxes" means the school district property taxes paid during the taxable year on qualified agricultural property, subject to the acreage limitation provided in paragraph (e) of this subdivision and the income limitation provided in paragraph (f) of this subdivision.

(b) Eligible farmer. For purposes of this subdivision, the term "eligible farmer" means a taxpayer whose federal gross income from farming for the taxable year is at least two-thirds of excess federal gross income. The term "eligible farmer" also includes a corporation other than the taxpayer of record for qualified agricultural land which has paid the school district property taxes on such land or which has a leasehold interest of not fewer than five continuous years as a lessee of such land pursuant to a contract for the future purchase of such land; provided that such corporation has a federal gross income from farming for the taxable year which is at least two-thirds of excess

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

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1 federal gross income; and provided further that, in determining such
2 income eligibility, a taxpayer may, for any taxable year, use the aver-
3 age of such federal gross income from farming for that taxable year and
4 such income for the two consecutive taxable years immediately preceding
5 such taxable year. Excess federal gross income means the amount of
6 federal gross income from all sources for the taxable year in excess of
7 thirty thousand dollars. For the purposes of this paragraph, payments
8 from the state's farmland protection program, administered by the
9 department of agriculture and markets, shall be included as federal
10 gross income from farming for otherwise eligible farmers.

11 § 2. Paragraphs 1 and 2 of subsection (n) of section 606 of the tax
12 law, paragraph 1 as amended by chapter 315 of the laws of 1998 and para-
13 graph 2 as amended by chapter 297 of the laws of 2010, are amended to
14 read as follows:

15 (1) General. In the case of a taxpayer who is an eligible farmer ~~[or]~~,
16 an eligible farmer who has paid taxes pursuant to a land contract, or an
17 eligible farmer who has a leasehold interest of not fewer than five
18 continuous years as a lessee of qualified agricultural property, there
19 shall be allowed a credit for the allowable school district property
20 taxes. The term "allowable school district property taxes" means the
21 school district property taxes paid during the taxable year on qualified
22 agricultural property, subject to the acreage limitation provided in
23 paragraph five of this subsection and the income limitation provided in
24 paragraph six of this subsection. Such credit shall be allowed against
25 the taxes imposed by this article for the taxable year reduced by the
26 credits permitted by this article. If the credit exceeds the tax as so
27 reduced, the taxpayer may receive, and the comptroller, subject to a
28 certificate of the commissioner, shall pay as an overpayment, without
29 interest, the amount of such excess.

30 (2) Eligible farmer. For purposes of this subsection, the term "eligi-
31 ble farmer" means a taxpayer whose federal gross income from farming for
32 the taxable year is at least two-thirds of excess federal gross income.
33 The term "eligible farmer" also includes an individual other than the
34 taxpayer of record for qualified agricultural land who has paid the
35 school district property taxes on such land pursuant to a contract for
36 the future purchase of such land or who has a leasehold interest of not
37 fewer than five continuous years as a lessee of such land; provided that
38 such individual has a federal gross income from farming for the taxable
39 year which is at least two-thirds of excess federal gross income; and
40 provided further that, in determining such income eligibility, a taxpay-
41 er may, for any taxable year, use the average of such federal gross
42 income from farming for that taxable year and such income for the two
43 consecutive taxable years immediately preceding such taxable year.
44 Excess federal gross income means the amount of federal gross income
45 from all sources for the taxable year reduced by the sum (not to exceed
46 thirty thousand dollars) of those items included in federal gross income
47 which consist of (i) earned income, (ii) pension payments, including
48 social security payments, (iii) interest, and (iv) dividends. For
49 purposes of this paragraph, the term "earned income" ~~[shall mean]~~ means
50 wages, salaries, tips and other employee compensation, and those items
51 of gross income which are includible in the computation of net earnings
52 from self-employment. For the purposes of this paragraph, payments from
53 the state's farmland protection program, administered by the department
54 of agriculture and markets, shall be included as federal gross income
55 from farming for otherwise eligible farmers.

1 § 3. This act shall take effect immediately and shall apply to taxable
2 years commencing on or after January 1, 2025. Effective immediately the
3 addition, amendment and/or repeal of any rule or regulation necessary
4 for the implementation of this act on its effective date are authorized
5 to be made on or before such date.