

STATE OF NEW YORK

10255

IN ASSEMBLY

February 12, 2026

Introduced by M. of A. SMULLEN -- read once and referred to the Committee on Ways and Means

AN ACT to amend the tax law and the administrative code of the city of New York, in relation to business income base and certain small business taxpayers

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

1 Section 1. Subparagraph (iv) of paragraph (a) of subdivision 1 of
2 section 210 of the tax law, as amended by section 12 of part A of chapter
3 59 of the laws of 2014, is amended to read as follows:

4 (iv) (A) for taxable years beginning before January first, two thousand
5 sixteen, if the business income base is not more than two hundred
6 ninety thousand dollars the amount shall be six and one-half percent of
7 the business income base; if the business income base is more than two
8 hundred ninety thousand dollars but not over three hundred ninety thousand
9 dollars the amount shall be the sum of (1) eighteen thousand eight
10 hundred fifty dollars, (2) seven and one-tenth percent of the excess of
11 the business income base over two hundred ninety thousand dollars but
12 not over three hundred ninety thousand dollars and (3) four and thirty-
13 five hundredths percent of the excess of the business income base over
14 three hundred fifty thousand dollars but not over three hundred ninety
15 thousand dollars;

16 (B) for taxable years beginning on or after January first, two thousand
17 sand twenty-seven, if the business income base is not more than four
18 hundred thousand dollars the amount shall be four percent of the business
19 income base; if the business income base is more than four hundred
20 thousand dollars but not over five hundred thousand dollars the amount
21 shall be the sum of (1) sixteen thousand dollars, (2) six and one-half
22 percent of the excess of the business income base over four hundred
23 thousand dollars but not over five hundred thousand dollars and (3)
24 twenty percent of the excess of the business income base over four
25 hundred fifty thousand dollars but not over five hundred thousand
26 dollars;

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

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1 (C) for taxable years beginning on or after January first, two thou-
2 sand twenty-eight, if the business income base is not more than four
3 hundred thousand dollars the amount shall be two and one-half percent of
4 the business income base; if the business income base is more than four
5 hundred thousand dollars but not over five hundred thousand dollars the
6 amount shall be the sum of (1) ten thousand dollars, (2) six and one-
7 half percent of the excess of the business income base over four hundred
8 thousand dollars but not over five hundred thousand dollars and (3)
9 thirty-two percent of the excess of the business income base over four
10 hundred fifty thousand dollars but not over five hundred thousand
11 dollars.

12 § 2. Paragraph 39 of subsection (c) of section 612 of the tax law, as
13 amended by section 1 of part C of chapter 59 of the laws of 2022, is
14 amended to read as follows:

15 (39) (A) In the case of a taxpayer who is a small business or a
16 taxpayer who is a member, partner, or shareholder of a limited liability
17 company, partnership, or New York S corporation, respectively, that is a
18 small business, who or which has business income and/or farm income as
19 defined in the laws of the United States, an amount equal to fifteen
20 percent of the net items of income, gain, loss and deduction attribut-
21 able to such business or farm entering into federal adjusted gross
22 income, but not less than zero.

23 (B) (i) For the purposes of this paragraph, the term small business
24 shall mean: (I) a sole proprietor [~~who employs one or more persons~~
25 ~~during the taxable year and~~] who has net business income [~~or net farm~~
26 ~~income~~] of greater than zero but less than [~~two~~] **five** hundred [~~fifty~~]
27 thousand dollars;

28 (II) a limited liability company, partnership, or New York S corpo-
29 ration that during the taxable year [~~employs one or more persons and~~]
30 has net farm income attributable to a farm business that is greater than
31 zero but less than [~~two~~] **five** hundred [~~fifty~~] thousand dollars; or

32 (III) a limited liability company, partnership, or New York S corpo-
33 ration that during the taxable year [~~employs one or more persons and~~]
34 has New York gross business income attributable to a non-farm business
35 that is greater than zero but less than one million five hundred thou-
36 sand dollars.

37 (ii) For purposes of this paragraph, the term New York gross business
38 income shall mean: (I) in the case of a limited liability company or a
39 partnership, New York source gross income as defined in subparagraph (B)
40 of paragraph three of subsection (c) of section six hundred fifty-eight
41 of this article; and (II) in the case of a New York S corporation, New
42 York receipts included in the numerator of the apportionment factor
43 determined under section two hundred ten-A of this chapter for the taxa-
44 ble year.

45 (C) To qualify for this modification in relation to a non-farm small
46 business that is a limited liability company, partnership, or New York S
47 corporation, the taxpayer's income attributable to the net business
48 income from its ownership interests in non-farm limited liability compa-
49 nies, partnerships, or New York S corporations must be less than [~~two~~]
50 **five** hundred [~~fifty~~] thousand dollars.

51 § 3. Paragraph 35 of subdivision (c) of section 11-1712 of the admin-
52 istrative code of the city of New York, as amended by section 2 of part
53 C of chapter 59 of the laws of 2022, is amended to read as follows:

54 (35) (A) In the case of a taxpayer who is a small business or a
55 taxpayer who is a member, partner, or shareholder of a limited liability
56 company, partnership, or New York S corporation, respectively, that is a

1 small business, who or which has business income and/or farm income as
2 defined in the laws of the United States, an amount equal to fifteen
3 percent of the net items of income, gain, loss and deduction attribut-
4 able to such business or farm entering into federal adjusted gross
5 income, but not less than zero.

6 (B) (i) For the purposes of this paragraph, the term small business
7 shall mean: (I) a sole proprietor [~~who employs one or more persons~~
8 ~~during the taxable year and~~] who has net business income [~~or net farm~~
9 ~~income~~] of greater than zero but less than [~~two~~] five hundred [~~fifty~~]
10 thousand dollars;

11 (II) a limited liability company, partnership, or New York S corpo-
12 ration that during the taxable year [~~employs one or more persons and~~]
13 has net farm income that is greater than zero but less than [~~two~~] five
14 hundred [~~fifty~~] thousand dollars; or

15 (III) a limited liability company, partnership, or New York S corpo-
16 ration that during the taxable year [~~employs one or more persons and~~]
17 has New York gross business income attributable to a non-farm business
18 that is greater than zero but less than one million five hundred thou-
19 sand dollars.

20 (ii) For purposes of this paragraph, the term New York gross business
21 income shall mean: (I) in the case of a limited liability company or a
22 partnership, New York source gross income as defined in subparagraph (b)
23 or paragraph three of subsection (c) of section six hundred fifty-eight
24 of the tax law, and, (II) in the case of a New York S corporation, New
25 York receipts included in the numerator of the apportionment factor
26 determined under section two hundred ten-A of the tax law for the taxa-
27 ble year.

28 (C) To qualify for this modification in relation to a non-farm small
29 business that is a limited liability company, partnership, or New York S
30 corporation, the taxpayer's income attributable to the net business
31 income from its ownership interests in non-farm limited liability compa-
32 nies, partnerships, or New York S corporations must be less than [~~two~~]
33 five hundred [~~fifty~~] thousand dollars.

34 § 4. This act shall take effect immediately and shall apply to taxable
35 years beginning on or after January 1, 2027.