

STATE OF NEW YORK

7588

2025-2026 Regular Sessions

IN ASSEMBLY

April 1, 2025

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

AN ACT to amend the tax law, in relation to enacting the "New York small
business growth and support act"

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

1 Section 1. Short title. This act shall be known and may be cited as
2 the "New York small business growth and support act".

3 § 2. Legislative findings and intent. The legislature finds that small
4 businesses are the backbone of New York's economy and essential to the
5 vitality of local communities. However, high operational costs and tax
6 burdens in the early stages of a business can hinder growth and sustain-
7 ability. By providing a temporary tax exemption, this act aims to
8 support entrepreneurs, stimulate job creation, and encourage economic
9 development across the state.

10 § 3. The tax law is amended by adding a new section 43-a to read as
11 follows:

12 § 43-a. Tax exemption for newly established small businesses. 1. For
13 the purposes of this section, the following terms shall have the follow-
14 ing meanings:

15 (a) "small business" means a business entity, including a sole
16 proprietorship, partnership, limited liability company, or corporation,
17 that:

18 (i) employs no more than fifty full-time equivalent employees; and

19 (ii) has annual gross receipts not exceeding five million dollars; and

20 (b) "newly established small business" means a small business that has
21 been in operation for no more than three years.

22 2. (a) For taxable years beginning on and after the effective date of
23 this section, a newly established small business shall be exempt from
24 the following taxes during its first three years of operation:

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

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1 (i) state income tax on business income under article nine-A of this
2 chapter;

3 (ii) franchise tax on business corporations under article nine-A of
4 this chapter; and

5 (iii) metropolitan commuter transportation mobility tax under article
6 twenty-three of this chapter, if applicable.

7 (b) In order to be eligible for the tax exemptions under this section,
8 such newly established small business shall:

9 (i) register with the department within six months of commencing oper-
10 ations;

11 (ii) file an annual statement with the department certifying continued
12 eligibility; and

13 (iii) remain in compliance with all applicable federal and state
14 labor, health, and safety laws.

15 (c) The exemptions authorized in paragraph (a) of this subdivision
16 shall not apply to:

17 (i) businesses primarily engaged in the sale or distribution of tobac-
18 co, alcohol, or firearms; and

19 (ii) professional service corporations, as defined under article
20 fifteen of the business corporation law.

21 3. If a newly established small business ceases operations or relo-
22 cates outside New York state within five years of claiming the
23 exemptions authorized under this section, the amount of the exemptions
24 shall be added back to tax in the taxable year in which the business
25 ceases operations or relocates.

26 4. The department shall promulgate rules and regulations necessary for
27 the implementation of this section.

28 5. Cross-references. For application of the exemptions provided for in
29 this section, see the following provisions of this chapter:

30 (a) article 9-A: section 209, subdivision 13;

31 (b) article 23: section 803, subdivision (b).

32 § 4. Section 209 of the tax law is amended by adding a new subdivision
33 13 to read as follows:

34 13. A newly established small business, as defined in section forty-
35 three-a of this chapter, shall be exempt from taxation under the
36 provisions of this article for the period described in section forty-
37 three-a of this chapter.

38 § 5. Section 803 of the tax law is amended by adding a new subdivision
39 (c) to read as follows:

40 (c) If a newly established small business, as defined in section
41 forty-three-a of this chapter, is located within the MCTD, such business
42 shall be exempt from the tax imposed under this article for the period
43 described in section forty-three-a of this chapter.

44 § 6. Severability clause. If any clause, sentence, paragraph, subdivi-
45 sion, section or part of this act shall be adjudged by any court of
46 competent jurisdiction to be invalid, such judgment shall not affect,
47 impair, or invalidate the remainder thereof, but shall be confined in
48 its operation to the clause, sentence, paragraph, subdivision, section
49 or part thereof directly involved in the controversy in which such judg-
50 ment shall have been rendered. It is hereby declared to be the intent of
51 the legislature that this act would have been enacted even if such
52 invalid provisions had not been included herein.

53 § 7. This act shall take effect immediately.