

STATE OF NEW YORK

10541

IN SENATE

May 19, 2026

Introduced by Sen. HELMING -- 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 custom farm operators

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

1 Section 1. Subdivision (c) of section 42 of the tax law, as amended by
2 section 1 of part N of chapter 59 of the laws of 2019, is amended to
3 read as follows:

4 (c) For purposes of this section, the term "eligible farmer" means a
5 taxpayer whose federal gross income from farming as defined in
6 subsection (n) of section six hundred six of this chapter for the taxa-
7 ble year is at least two-thirds of excess federal gross income. The
8 term "eligible farmer" also includes a "custom farm operator" who is an
9 independent contractor who performs specific agricultural tasks includ-
10 ing, but not limited to, tilling, planting, spraying, or harvesting,
11 using their own machinery and labor for a set fee, typically without
12 taking ownership of the crop. Excess federal gross income means the
13 amount of federal gross income from all sources for the taxable year in
14 excess of thirty thousand dollars. For purposes of this section,
15 payments from the state's farmland protection program, administered by
16 the department of agriculture and markets, shall be included as federal
17 gross income from farming for otherwise eligible farmers.

18 § 2. Paragraph 2 of subsection (n) of section 606 of the tax law, as
19 amended by chapter 297 of the laws of 2010, is amended to read as
20 follows:

21 (2) Eligible farmer. For purposes of this subsection, the term "eligi-
22 ble farmer" means a taxpayer whose federal gross income from farming for
23 the taxable year is at least two-thirds of excess federal gross income.
24 The term "eligible farmer" also includes an individual other than the
25 taxpayer of record for qualified agricultural land who has paid the
26 school district property taxes on such land pursuant to a contract for
27 the future purchase of such land; provided that such individual has a
28 federal gross income from farming for the taxable year which is at least

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

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1 two-thirds of excess federal gross income; and provided further that, in
2 determining such income eligibility, a taxpayer may, for any taxable
3 year, use the average of such federal gross income from farming for that
4 taxable year and such income for the two consecutive taxable years imme-
5 diately preceding such taxable year. The term "eligible farmer" also
6 includes a "custom farm operator" who is an independent contractor who
7 performs specific agricultural tasks including, but not limited to,
8 tilling, planting, spraying, or harvesting, using their own machinery
9 and labor for a set fee, typically without taking ownership of the crop.

10 Excess federal gross income means the amount of federal gross income
11 from all sources for the taxable year reduced by the sum (not to exceed
12 thirty thousand dollars) of those items included in federal gross income
13 which consist of (i) earned income, (ii) pension payments, including
14 social security payments, (iii) interest, and (iv) dividends. For
15 purposes of this paragraph, the term "earned income" shall mean wages,
16 salaries, tips and other employee compensation, and those items of gross
17 income which are includible in the computation of net earnings from
18 self-employment. For the purposes of this paragraph, payments from the
19 state's farmland protection program, administered by the department of
20 agriculture and markets, shall be included as federal gross income from
21 farming for otherwise eligible farmers.

22 § 3. This act shall take effect on the first of January next succeed-
23 ing the date on which it shall have become a law and shall apply to
24 taxable years commencing on and after such effective date.