STATE OF NEW YORK

6359

2025-2026 Regular Sessions

IN SENATE

March 11, 2025

Introduced by Sen. LIU -- read twice and ordered printed, and when printed to be committed to the Committee on Budget and Revenue

AN ACT to amend the tax law, in relation to enacting the "microbusiness resiliency and growth act"

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

Section 1. Short title. This act shall be known and may be cited as the "microbusiness resiliency and growth act".

§ 2. Section 1105 of the tax law is amended by adding a new subdivision (g) to read as follows:

(g) For the purposes of this chapter, "microbusiness" shall be defined as a business employing five or fewer persons, is resident in this state, is independently owned and operated, is not dominant in its field, and does not conduct its business transactions primarily over the internet. When the goods or services are purchased from a microbusiness within the first five years of the opening of such microbusiness or a microbusiness with a gross profit of five hundred thousand dollars or less in the prior tax year, tax paid on such sales for the first year shall be zero percent and in the second year, such sales tax shall be two percent provided, however that the profit generated on such first and second year sales tax reduction is collected up until the difference between the prior and current minimum wage pursuant to subdivision one of section six hundred fifty-two of the labor law in concurrence with quarterly sales tax periods as prescribed by the department. After the end of the second year, sales taxes shall return to four percent. Tax paid on sales after the profit difference between the prior minimum wage and current minimum wage pursuant to subdivision one of section six hundred fifty-two of the labor law is met shall return to four percent. Microbusinesses that elect to use a segregated sales tax account for the handling of transactions with the department, or are required to keep such an account pursuant to section eleven hundred thirty-seven of this

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

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article must deduct the aforementioned profit from the segregated sales tax account within one week of deposit.

§ 3. Section 1135 of the tax law is amended by adding a new subdivision (f-1) to read as follows:

(f-1) Every microbusiness owner shall keep records of the number of employees, their wage, and the amount of the sales tax reduction on a quarterly basis and in the manner prescribed by the commissioner pursuant to rules and regulations.

§ 4. This act shall take effect on the first day of the sales tax quarterly period, as described in subdivision (b) of section 1136 of the tax law, next commencing at least 90 days after this act shall have become a law and shall apply in accordance with the applicable transitional provisions of sections 1106 and 1217 of the tax law.