

STATE OF NEW YORK

8171

2025-2026 Regular Sessions

IN SENATE

May 16, 2025

Introduced by Sen. BASKIN -- read twice and ordered printed, and when printed to be committed to the Committee on Commerce, Economic Development and Small Business

AN ACT to amend the economic development law, in relation to establishing the contract New York program; and to amend the tax law, in relation to establishing the contract New York tax credit

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

1 Section 1. The economic development law is amended by adding a new
2 article 29 to read as follows:

ARTICLE 29

CONTRACT NEW YORK PROGRAM

Section 508. Definitions.

509. Contract New York program.

510. Contract New York registry.

511. Contract New York tax credit.

3 § 508. Definitions. For the purposes of this article, the following
4 terms shall have the following meanings:

5 1. "Emerging microbusiness" shall mean a business which employs fewer
6 than five persons, is authorized to do business in this state, is inde-
7 pendently owned and operated, is not dominant in its field, is owned by
8 United States citizens or permanent resident noncitizens, has at least
9 fifty-one percent ownership by socially and economically disadvantaged
10 individuals and is subject to a physical site inspection to verify such
11 fifty-one percent socially and economically disadvantaged ownership
12 requirement, and the disadvantaged ownership interest of which is real,
13 substantial and continuing and has and exercises the authority to
14 control independently the day-to-day business decisions of such micro-
15 business.

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

LBD13088-01-5

1 2. "Eligible contract" shall mean a contract between a corporation and
2 an emerging microbusiness valued between twenty-five and one hundred
3 thousand dollars.

4 § 509. Contract New York program. There is hereby established within
5 the department a contract New York program to provide tax credits to
6 corporations contracting with emerging microbusinesses.

7 § 510. Contract New York registry. 1. The department and the empire
8 state development corporation shall create and maintain a registry of
9 emerging microbusinesses, which shall be publicly accessible and shall
10 contain information about such emerging microbusinesses including, but
11 not limited to, an emerging microbusiness's:

12 (i) operational region;

13 (ii) North American Industry Classification System (NAICS) code; and

14 (iii) range of contract size capacity.

15 2. The department and the empire state development corporation shall
16 biannually implement best practices for engaging corporations to utilize
17 the contract New York registry. Such best practices may include, but
18 shall not be limited to, recruitment, surveys, and corporation and
19 microbusiness mixers.

20 § 511. Contract New York tax credit. 1. A New York corporation with an
21 eligible contract with an emerging microbusiness on the contract New
22 York registry established pursuant to section five hundred ten of this
23 article may be eligible to claim a credit equal to the amount of such
24 corporation's payroll tax withholdings as required pursuant to section
25 six hundred seventy-one of the tax law.

26 2. The tax credit established in this section shall be allowed as
27 prescribed in section fifty, section one hundred eighty-five, subdivi-
28 sion sixty-three of section two hundred ten-B and subsection (uuu) of
29 section six hundred six of the tax law.

30 § 2. The tax law is amended by adding a new section 50 to read as
31 follows:

32 § 50. Contract New York tax credit. (a) Definitions. As used in this
33 section, the following terms shall have the following meanings:

34 (1) "Emerging microbusiness" shall mean a business which employs fewer
35 than five persons, is authorized to do business in this state, is inde-
36 pendently owned and operated, is not dominant in its field, is owned by
37 United States citizens or permanent resident noncitizens, has at least
38 fifty-one percent ownership by socially and economically disadvantaged
39 individuals and is subject to a physical site inspection to verify such
40 fifty-one percent socially and economically disadvantaged ownership
41 requirement, and the disadvantaged ownership interest of which is real,
42 substantial and continuing and has and exercises the authority to
43 control independently the day-to-day business decisions of such micro-
44 business.

45 (2) "Eligible contract" shall mean a contract between a corporation
46 and an emerging microbusiness valued between twenty-five and one hundred
47 thousand dollars.

48 (b) Allowance of credit. A taxpayer subject to tax under article
49 nine-A or twenty-two of this chapter shall be allowed a credit against
50 such tax. The amount of the credit is equal to the amount determined
51 pursuant to section five hundred eleven of the economic development law.

52 (c) Eligibility. To be eligible for the contract New York tax credit,
53 the taxpayer shall be a corporation with an eligible contract with an
54 emerging microbusiness on the contract New York registry established
55 pursuant to section five hundred ten of the economic development law.

1 § 3. The tax law is amended by adding a new section 185 to read as
2 follows:

3 § 185. Contract New York tax credit. 1. Definitions. (a) The term
4 "emerging microbusiness" means a business which employs fewer than five
5 persons, is authorized to do business in this state, is independently
6 owned and operated, is not dominant in its field, is owned by United
7 States citizens or permanent resident noncitizens, has at least fifty-
8 one percent ownership by socially and economically disadvantaged indi-
9 viduals and is subject to a physical site inspection to verify such
10 fifty-one percent socially and economically disadvantaged ownership
11 requirement, and the disadvantaged ownership interest of which is real,
12 substantial and continuing and has and exercises the authority to
13 control independently the day-to-day business decisions of such micro-
14 business.

15 (b) "Eligible contract" shall mean a contract between a corporation
16 and an emerging microbusiness valued between twenty-five and one hundred
17 thousand dollars.

18 2. Allowance of credit. A taxpayer that is a corporation with an
19 eligible contract with an emerging microbusiness on the contract New
20 York registry established pursuant to section five hundred ten of the
21 economic development law shall be allowed a credit, to be computed as
22 provided in section fifty of this chapter, against the tax imposed by
23 this article. Such credit shall be allowed for the duration of the
24 eligible contract.

25 3. Application of credit. In no event shall the credit under this
26 section be allowed in an amount which will reduce the tax payable to
27 less than the applicable minimum tax fixed by section one hundred eight-
28 y-three of this article. If, however, the amount of credit allowable
29 under this section for any taxable year reduces the tax to such amount,
30 any amount of credit not deductible in such taxable year shall be treat-
31 ed as an overpayment of tax to be refunded in accordance with the
32 provisions of section one thousand eighty-six of this chapter. Provided,
33 however, the provisions of subsection (c) of section one thousand eight-
34 y-eight of this chapter notwithstanding, no interest shall be paid ther-
35 eon.

36 § 4. Section 210-B of the tax law is amended by adding a new subdivi-
37 sion 63 to read as follows:

38 63. Contract New York tax credit. (a) Definitions. For purposes of
39 this subdivision, the following definitions shall apply:

40 (i) "Emerging microbusiness" shall mean a business which employs fewer
41 than five persons, is authorized to do business in this state, is inde-
42 pendently owned and operated, is not dominant in its field, is owned by
43 United States citizens or permanent resident noncitizens, has at least
44 fifty-one percent ownership by socially and economically disadvantaged
45 individuals and is subject to a physical site inspection to verify such
46 fifty-one percent socially and economically disadvantaged ownership
47 requirement, and the disadvantaged ownership interest of which is real,
48 substantial and continuing and has and exercises the authority to
49 control independently the day-to-day business decisions of such micro-
50 business.

51 (ii) "Eligible contract" shall mean a contract between a corporation
52 and an emerging microbusiness valued between twenty-five and one hundred
53 thousand dollars.

54 (b) Allowance of credit. A taxpayer that is a corporation with an
55 eligible contract with an emerging microbusiness on the contract New
56 York registry established pursuant to section five hundred two of the

1 economic development law shall be allowed a credit, to be computed as
2 provided in section fifty of this chapter, against the tax imposed by
3 this article. Such credit shall be allowed for the duration of the
4 eligible contract.

5 (c) Application of credit. The credit allowed under this subdivision
6 for any taxable year shall not reduce the tax due for such year to less
7 than the fixed dollar minimum amount prescribed in paragraph (d) of
8 subdivision one of section two hundred ten of this article. However, if
9 the amount of credits allowed under this subdivision for any taxable
10 year reduces the tax to such amount or if the taxpayer otherwise pays
11 tax based on the fixed dollar minimum amount, any amount of credit thus
12 not deductible in such taxable year shall be treated as an overpayment
13 of tax to be credited or refunded in accordance with the provisions of
14 section one thousand eighty-six of this chapter. Provided, however, the
15 provisions of subsection (c) of section one thousand eighty-eight of
16 this chapter notwithstanding, no interest shall be paid thereon.

17 § 5. Subparagraph (B) of paragraph 1 of subsection (i) of section 606
18 of the tax law is amended by adding a new clause (lii) to read as
19 follows:

20 <u>(lii) Contract New York tax</u>	<u>Amount of credit under subdivision</u>
21 <u>credit under subsection (uuu)</u>	<u>sixty-three of section two hundred</u>
22	<u>ten-B</u>

23 § 6. Section 606 of the tax law is amended by adding a new subsection
24 (uuu) to read as follows:

25 (uuu) Contract New York tax credit. (1) Definitions. For the purposes
26 of this subsection, the following definitions shall apply:

27 (A) "Emerging microbusiness" shall mean a business which employs fewer
28 than five persons, is authorized to do business in this state, is inde-
29 pendently owned and operated, is not dominant in its field, is owned by
30 United States citizens or permanent resident noncitizens, has at least
31 fifty-one percent ownership by socially and economically disadvantaged
32 individuals and is subject to a physical site inspection to verify such
33 fifty-one percent socially and economically disadvantaged ownership
34 requirement, and the disadvantaged ownership interest of which is real,
35 substantial and continuing and has and exercises the authority to
36 control independently the day-to-day business decisions of such micro-
37 business.

38 (B) "Eligible contract" shall mean a contract between a corporation
39 and an emerging microbusiness valued between twenty-five and one hundred
40 thousand dollars.

41 (2) Allowance of credit. A taxpayer that is a corporation with an
42 eligible contract with an emerging microbusiness on the contract New
43 York registry established pursuant to section five hundred ten of the
44 economic development law shall be allowed a credit, to be computed as
45 provided in section fifty of this chapter, against the tax imposed by
46 this article. Such credit shall be allowed for the duration of the
47 eligible contract.

48 (3) Application of credit. If the amount of the credit allowed under
49 this subsection for the taxable year exceeds the taxpayer's tax for such
50 year, the excess shall be treated as an overpayment of tax to be credit-
51 ed or refunded in accordance with the provisions of section six hundred
52 eighty-six of this article, provided, however, that no interest will be
53 paid thereon.

54 § 7. This act shall take effect immediately and shall apply to taxable
55 years beginning on and after the first of January next succeeding the
56 date on which it shall have become a law.