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:

Section 1. The economic development law is amended by adding a new 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.

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

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

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

LBD13088-01-5

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

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

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

(i) operational region;

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

(iii) range of contract size capacity.

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

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

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

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

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

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

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

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

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

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

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

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

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

3. Application of credit. In no event shall the credit under this section be allowed in an amount which will reduce the tax payable to less than the applicable minimum tax fixed by section one hundred eighty-three of this article. If, however, the amount of credit allowable under this section for any taxable year reduces the tax to such amount, any amount of credit not deductible in such taxable year shall be treated as an overpayment of tax to be refunded in accordance with the provisions of section one thousand eighty-six of this chapter. Provided, however, the provisions of subsection (c) of section one thousand eighty-eight of this chapter notwithstanding, no interest shall be paid thereon.

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

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

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

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

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

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

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

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

(lii) Contract New York tax credit under subsection (uuu)	Amount of credit under subdivision sixty-three of section two hundred ten-B

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

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

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

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

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

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

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