



NEW YORK STATE SENATOR

Thomas F. O'Mara

O'Mara sponsors legislation to expand tax relief for small businesses and farmers

THOMAS F. O'MARA February 22, 2017

| ISSUE: **TAX CUTS**



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Elmira, N.Y., February 22—State Senator Tom O'Mara (R,C,I-Big Flats) today announced that he is sponsoring legislation to further reduce the tax burdens imposed on small businesses and farmers, as well as to substantially increase the recently enacted Farm Workforce Retention Credit.

“Studies continue to recognize New York as the state with the highest tax burden in the nation. It remains an unfair and unreasonable burden on individual taxpayers, families, farmers, employers and workers. Even with the tax cuts we successfully achieved as part of the current state budget, we have to keep taking tax relief actions like these for our farmers, small business owners and every other taxpayer. This legislation in particular provides for an even greater, twenty-percent exemption of business income for farmers,” said O’Mara, a member of the Senate Agriculture Committee.

O’Mara voiced strong concerns over the higher minimum wage approved as part of the 2016-17 state budget and continually pointed to the negative and potentially devastating impact the higher wage will have on New York State farms, small businesses, school districts, not-for-profits, human services providers and others.

Legislation O’Mara sponsors (**S2120**) would expand the current Personal Income Tax (PIT) exemptions for small businesses and farms originally advanced by the Senate in 2014. Under current law, to qualify for the PIT exemptions, businesses must be a sole proprietor or farm (regardless of how the business is structured, sole proprietor, LLC, etc.), have less than \$250,000 in net business income, and employ at least one employee. The current exemption is equal to five percent of net income in 2016 and beyond.

Under O’Mara’s legislation, the PIT exemption would increase from 5 percent to 20 percent for farm income beginning on or after January 1, 2017. The legislation would also increase the PIT exemption from 5 percent to 15 percent for small businesses, eliminate the employee qualification, raise the income eligibility threshold from \$250,000 to \$500,000, and expand small business eligibility to include any business that files under the PIT (regardless of how the business is structured, sole proprietor, LLC, etc.)

The legislation also reduces the Corporate Franchise Tax business income rate for small businesses from 6.5 percent to 2.5 percent. It would increase the threshold for corporations to be considered as small corporations from \$290,000 to \$400,000 and allow businesses with incomes between \$400,000 and \$500,000 to have a blended rate between 6.5 percent and 2.5 percent.

Legislation (**S2905**) O'Mara co-sponsors would significantly increase the Farm Workforce Retention Credit approved as part of the 2016-17 state budget that allows eligible farm employers to claim a refundable tax credit for each farm employee that is employed for 500 or more hours each year. Under the legislation, the phased-in tax credit would double to \$500 per eligible farm employee in 2017, \$600 in 2018, \$800 in 2019, \$1,000 in 2020, and \$1,200 in 2021.

The Senate approved both measures last year, but they did not receive any Assembly action.