



S.8009 / A.9009 (Budget), Part C

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BILL S.8009 / A.9009 (Budget), Part C
SUBJECT Small Business Tax Relief
DATE February 15, 2022
SUPPORT

The Business Council supports this legislation that would provide tax relief for unincorporated small businesses. Specifically, this proposal would expand the business income exclusion under the personal income tax from 5 percent to 15 percent; make the exclusion available for members, partners, and shareholders of LLCs, partnerships and sub-S corps, respectively, in addition to sole proprietors as under current law. It is applicable for taxpayers with net farm income under \$250,000, and other small businesses with gross income under \$1.5 million.

Most small businesses are set up as pass-through entities, and as such pay the majority of their business income tax under the personal income tax.

This proposal is a necessary and appropriate next step in New York State’s business tax reform efforts. Earlier legislation, including the state’s 2014 corporate franchise tax reforms, and the 2015 New York City conformance legislation, largely addressed tax issues affecting public-traded corporations.

Likewise, last year’s “pass through entity tax” legislation addressed the affect of federal tax law on New York’s small businesses but did not address the underlying state income tax on small business income.

This bill provides valuable, targeted income tax relief to small businesses. We note that similar proposals have been included in recent past Executive Budgets, and have been endorsed in budget resolutions adopted in both the Senate and Assembly. However, the Administration and legislature have yet to reach final agreement.

Given past bipartisan support, and ongoing concerns regarding small business recovery from the COVID recession, we believe this bill makes sense, is affordable to the state, and should be approved as part of the FY 2023 budget agreement.

For these reasons, we support adoption of S.8009/A.9009, Part C.

