

**FY 2027 NEW YORK STATE EXECUTIVE BUDGET**

**REVENUE  
ARTICLE VII LEGISLATION**

**MEMORANDUM IN SUPPORT**

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**CONTENTS**

<b>PART</b>	<b>DESCRIPTION</b>	<b>STARTING PAGE NUMBER</b>
A	Enhance and Reform the Child and Dependent Care Credit	3
B	Eliminate Income Taxes on Tipped Wages	4
C	Retain Deductibility of Certain Charitable Contributions	5
D	Standardize the Definition of Farmer for Certain Tax Credits	5
E	Extend the Temporary Article 9-A Tax Rates for Three Years	6
F	Decouple from Certain H.R.1 Provisions	7
G	Decouple NYC from Certain H.R.1 Provisions	8
H	Enact Pass-Through Entity Tax Flexibility	10
I	Extend the Commercial Security Tax Credit for Three Years	10
J	Enhance the New York City Musical and Theatrical Production Tax Credit	11
K	Impose Tax on Alternative Nicotine Products	12
L	Amend Vapor Products Taxation and Enhance Flavor Ban Enforcement	12
M	Extend Reduced Transfer Tax Rates for Qualifying Real Estate Investment Trusts for Three Years	14
N	Modify the Vendor Registration Program	14
O	Establish a Sales Tax Exemption for EV Charging Stations	15

PART	DESCRIPTION	STARTING PAGE NUMBER
P	Extend the Sales and Use Tax Vending Machine Exemption for Three Years	16
Q	Extend the Residential Energy Storage Exemption for Two Years	17
R	Amend the Petroleum Business Tax Filing Deadline for Commercial Vessel Operators	18
S	Extend the Alternative Fuels Exemption for Five Years	19
T	Enact STAR Program Technical Corrections	19
U	Extend the Telecom Assessment Ceiling Program for Four Years	20
V	Expanding the Rent Increase Exemption for Senior Citizens and Persons with Disabilities	21
W	Make Technical Amendments to Pari-Mutuel Tax Reform	21
X	Extend Authorized Use of Capital Funds by a Certain Off-track Betting Corporation for One Year	22
Y	Permanently Extend Certain Pari-Mutuel Tax and Simulcasting Provisions	23
Z	Extend Certain Horse Racing Seasonal Employee Licensing Requirements	24

## MEMORANDUM IN SUPPORT

### A BUDGET BILL submitted by the Governor in Accordance with Article VII of the Constitution

AN ACT to amend the tax law, in relation to enhancing and reforming the child and dependent care credit (Part A); to amend the tax law, in relation to excluding certain tips earned from New York adjusted gross income (Part B); to amend the tax law, in relation to retaining the deductibility of certain charitable contributions (Part C); to amend the tax law, in relation to standardizing the definition of farmer for various credits; and to repeal certain provisions of such law relating thereto (Part D); to amend the tax law, in relation to extending the current corporate tax rates (Part E); to amend the tax law, in relation to exemptions from calculation of income in certain cases (Part F); to amend the administrative code of the city of New York, in relation to the treatment of certain deductions allowable under the internal revenue code in calculating New York city taxable income for corporations (Part G); to amend the tax law, in relation to the pass-through entity tax and New York city pass-through entity tax election deadline (Part H); to amend the executive law and the tax law, in relation to extending the commercial security tax credit (Part I); to amend the tax law, in relation to enhancing the New York city musical and theatrical production tax credit (Part J); to amend the tax law and the state finance law, in relation to alternative nicotine products (Part K); to amend the tax law and the public health law, in relation to the taxation of vapor products (Part L); to amend the tax law and the administrative code of the city of New York, in relation to extending the real estate transfer tax rate reduction for conveyances of real property to existing real estate investment funds (Part M); establishing a sales and use tax reregistration program and a sales and use tax penalty and interest discount

program (Part N); to amend the tax law, in relation to establishing a sales tax exemption for electric vehicle charging stations (Part O); to amend the tax law, in relation to extending the sales tax exemption for certain sales made through a vending machine for three years (Part P); to amend part PP of chapter 58 of the laws of 2024 amending the tax law relating to establishing a sales tax exemption for residential energy storage, in relation to extending the residential energy storage exemption for two years (Part Q); to amend the tax law, in relation to the petroleum business tax filing deadline for commercial vessel operators (Part R); to amend chapter 109 of the laws of 2006 amending the tax law and other laws relating to providing exemptions, reimbursements and credits from various taxes for certain alternative fuels, in relation to extending the alternative fuels tax exemptions (Part S); to amend the real property tax law and the tax law, in relation to making technical corrections to the STAR exemption and STAR credit programs; and to repeal certain provisions of the real property tax law relating thereto (Part T); to amend chapter 475 of the laws of 2013 amending the real property tax law relating to assessment ceilings for local public utility mass real property, in relation to extending the assessment ceiling for local public utility mass real property to January 1, 2031 (Part U); to amend the real property tax law, in relation to expanding the rent increase exemption for senior citizens and persons with disabilities; to amend part U of chapter 55 of the laws of 2014, amending the real property tax law relating to the tax abatement and exemption for rent regulated and rent controlled property occupied by senior citizens, in relation to the effectiveness thereof; to amend chapter 129 of the laws of 2014, amending the real property tax law relating to the tax abatement and exemption for rent regulated and rent controlled property occupied by persons with disabilities, in relation to the effectiveness thereof; and

providing for the repeal of certain provisions upon expiration thereof (Part V); to amend the racing, pari-mutuel wagering and breeding law, in relation to conforming pari-mutuel tax provisions (Part W); to amend the racing, pari-mutuel wagering and breeding law, in relation to extending the utilization of funds in the Capital off-track betting corporations' capital acquisition funds (Part X); to amend the racing, pari-mutuel wagering and breeding law, in relation to licenses for simulcast facilities, sums relating to track simulcast, simulcast of out-of-state thoroughbred races, simulcasting of races run by out-of-state harness tracks and distributions of wagers; and to amend chapter 346 of the laws of 1990 amending the racing, pari-mutuel wagering and breeding law and other laws relating to simulcasting and the imposition of certain taxes, in relation to the effectiveness thereof (Part Y); and to amend the racing, pari-mutuel wagering and breeding law, in relation to extending certain seasonal employee licensing requirements for additional race dates at Saratoga Racetrack (Part Z)

**PURPOSE:**

This bill contains provisions needed to implement the Revenue portion of the FY 2027 Executive Budget.

This memorandum describes Parts A through Z of the bill which are described wholly within the parts listed below.

**Part A – Enhance and Reform the Child and Dependent Care Credit**

**Purpose:**

This bill would enhance and reform the existing New York State Child and Dependent Care Credit to provide greater assistance for those who incur costs to care for their children or other disabled dependents.

**Summary of Provisions and Statement in Support:**

This bill would decouple the current Child and Dependent Care credit from the federal tax code counterpart and create a standalone New York child and dependent care credit under Tax Law § 606(c-2). The reformed refundable credit would provide a greater benefit to families and reduce complexity in claiming the credit. Eligibility for the credit would be limited to full-year New York residents.

**Budget Implications:**

Enactment of this bill is necessary to implement the FY 2027 Executive Budget because it creates a simplified and more progressive State credit that helps alleviate the cost burden of childcare for New York families. All Funds revenue will be reduced by \$65 million annually beginning in FY 2028.

**Effective Date:**

This bill would take effect immediately.

**Part B – Eliminate Income Taxes on Tipped Wages**

**Purpose:**

This bill would exclude up to \$25,000 of qualified tips from New York State income tax to the extent a federal deduction is allowed pursuant to Internal Revenue Code (IRC) §224.

**Summary of Provisions and Statement in Support:**

Under current Law, IRC §224 authorizes an itemized deduction, not to exceed \$25,000, for qualified tips.

This bill would add a new paragraph (48) to Tax Law §612(c) to exclude the amount claimed as a federal deduction, not to exceed \$25,000, from New York State income tax.

**Budget Implications:**

Enactment of this bill is necessary to implement the FY 2027 Executive Budget because it aides in the Governor's continued efforts to address affordability by putting money back in New Yorkers' pockets.

All Funds revenue will be reduced by \$52 million in FY 2027, \$69 million in FY 2028, \$60 million in FY 2029, and \$19 million in FY 2030.

**Effective Date:**

This bill would take effect immediately.

**Part C - Retain Deductibility of Certain Charitable Contributions**

**Purpose:**

This bill would retain the deductibility of certain charitable contributions as a New York itemized deduction for individual contributions to entities that lose their Internal Revenue Code (IRC) §501(c)(3) federal tax-exempt status.

**Summary of Provisions and Statement in Support:**

Federal officials have threatened to revoke the tax-exempt status of certain §501(c)(3) organizations for reasons unrelated to their compliance with the IRC. This threat has put tax-exempt organizations at risk of losing their preferential tax treatment. This bill would preserve the tax-exempt treatment for individual taxpayer donations to entities that continue to operate as charitable organizations that are or would be eligible for exemption from New York State sales tax, even if the Internal Revenue Service revokes their IRC §501(c)(3) recognition, so long as the organization establishes that the revocation was unrelated to its charitable mission and that it remains in compliance with IRC §501(c)(3).

**Budget Implications:**

Enactment of this bill is necessary to implement the FY 2027 Executive Budget because it protects New York taxpayers by ensuring that donations to these organizations continue to qualify as deductible charitable contributions on their State personal income tax returns. This bill preserves an existing tax benefit already accounted for in the Financial Plan.

**Effective Date:**

This act shall take effect immediately and shall apply to taxable years beginning on or after January 1, 2026.

**Part D - Standardize the Definition of Farmer for Certain Tax Credits**

**Purpose:**

This bill would create a uniform definition of “eligible farmer” across the suite of farm-related tax credits.

Summary of Provisions and Statement in Support:

Under current law, a taxpayer seeking farm-related tax credits generally must demonstrate that at least two-thirds of the taxpayer's federal gross income in excess of \$30,000 is derived from farming. However, New York's various farming-related credits apply this test differently. These differences force farmers to determine eligibility for each credit separately, which results in farmers being eligible for some credits, but not others.

The bill would simplify the definition of "eligible farmer" for purposes of the Agricultural Property Tax Credit under Tax Law §§ 210-B(11) and 606(n) and cross-reference the new definition in the following farm-related credits:

- Farm workforce retention credit (Tax Law § 42);
- Farm employer overtime credit (Tax Law § 42-a); and
- Credit for farm donations to food pantries (Tax Law §§ 210-B[52] and 606(n-2)).

Using one consistent definition of "eligible farmer" would streamline the credit claim process for farmers, making it easier for both the taxpayer and the Department to determine farm eligibility. Additionally, it would allow the Department to administer these benefits in a more efficient and timely manner.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2027 Executive Budget because it streamlines the credit claim process for New York farmers, making it easier to access these benefits.

Effective Date:

This bill would take effect immediately and apply to taxable years beginning on or after January 1, 2026.

**Part E – Extend the Temporary Article 9-A Tax Rates for Three Years**

Purpose:

This bill would extend the temporary higher Article 9-A tax rates for an additional three years through tax year 2029.

Summary of Provisions and Statement in Support:

This bill would extend the current 7.25 percent business income tax rate for three years, through tax year 2029, for taxpayers with a business income base over \$5 million. This bill would also extend the current 0.1875 percent capital base tax rate for three years, through tax year 2029.

**Budget Implications:**

Enactment of this bill is necessary to implement the FY 2027 Executive Budget because it maintains existing tax rates that have been in effect since tax year 2021. It would increase All Funds revenue by \$1.32 billion in FY 2028, \$1.9 billion in FY 2029, and \$1.45 billion in FY 2030.

**Effective Date:**

This bill would take effect immediately.

**Part F – Decouple from Certain H.R.1 Provisions**

**Purpose:**

This bill would amend the Tax Law to decouple from certain provisions of federal Public Law 119-21, as set forth in H.R.1 of 2025.

**Summary of Provisions and Statement in Support:**

This bill would:

- Amend Tax Law §§ 208(9), 612, and 1503(b) to preserve the State's current treatment of depreciation for qualified production property.
- Amend Tax Law §§ 208(9), 612, and 1503(b) to decouple from certain federal changes to deductions for research and experimental ("R&E") expenditures and align the State's treatment of deductions for foreign and domestic R&E expenditures.

H.R. 1 amended the Internal Revenue Code ("IRC") to allow for a special depreciation allowance for qualified production property that would permit taxpayers to immediately deduct 100% of the cost of qualified production property in the year the property is placed in service in taxable years beginning on or after January 1, 2025. This change would result in a substantial loss of tax revenue to New York State. This bill would limit taxpayers to the standard depreciation deductions for qualified production property that were in place prior to the enactment of H.R. 1.

H.R. 1 also amended the IRC to allow taxpayers to elect to deduct 100% of domestic R&E expenditures in the taxable year the expenditures were made, for taxable years beginning on or after January 1, 2025. Taxpayers who do not make the election are

permitted to deduct domestic R&E expenditures over a 5-year period. In addition, H.R. 1 allows taxpayers “catch up” by deducting the remaining amount of domestic R&E expenditures paid or incurred in years prior to January 1, 2025. Permitting taxpayers to deduct domestic R&E expenditures incurred prior to January 1, 2025, and to immediately deduct 100% of such expenditures going forward, would result in a substantial loss of tax revenue to New York State.

The IRC sets forth separate deduction rules for domestic and foreign R&E expenditures. IRC §174A allows domestic R&E expenditures to be deducted in full in the year of the expenditure; an election can be made to deduct domestic R&E expenditures over a 5-year period. Foreign R&E expenditures must be deducted over a 15-year period. This bill would decouple the State from the IRC’s accelerated deductions for pre-2025 domestic R&E expenditures and the ability to immediately deduct domestic R&E expenditures in the year incurred. Further, the bill would align the State’s treatment of domestic and foreign R&E expenditures for tax years beginning on or after January 1, 2025. All qualifying R&E expenditures, domestic and foreign, would be deductible over the same 5-year period.

**Budget Implications:**

Enactment of this bill is necessary to implement the FY 2027 Executive Budget because it preserves revenue that would otherwise be lost if the State remained coupled to new federal provisions.

**Effective Date:**

This bill would take effect immediately and would apply to taxable years beginning on or after January 1, 2025.

**Part G – Decouple NYC from Certain H.R.1 Provisions**

**Purpose:**

This bill would amend the New York City Administrative Code to decouple that City’s tax law from certain provisions of federal Public Law 119-21, as set forth in H.R.1 of 2025.

**Summary of Provisions and Statement in Support:**

This bill would amend NYC Administrative Code Tax Law §§ 11-506, 11-602(8), 11-641, and 11-652(8) to preserve the City’s current treatment of depreciation for qualified production property, business interest expenses, expensing of depreciable business assets, and decouple from certain changes to deductions for domestic research and experimental (“R&E”) expenditures.

H.R. 1 amended the Internal Revenue Code (“IRC”) to allow for a special depreciation allowance for qualified production property that would permit taxpayers to immediately

deduct 100% of the cost of qualified production property in the year the property is placed in service in taxable years beginning on or after January 1, 2025. This change would result in a substantial loss of tax revenue to New York City. This bill would limit taxpayers to the standard depreciation deductions that were in place prior to the enactment of H.R. 1.

H.R. 1 amended the IRC to allow taxpayers to elect to deduct 100% of domestic R&E expenditures in the taxable year the expenditures were made, for taxable years beginning on or after January 1, 2025. Taxpayers who do not make the election are permitted to deduct domestic R&E expenditures over a 5-year period. In addition, H.R. 1 also allows taxpayers to “catch up” by deducting the remaining amount of domestic R&E expenditures paid or incurred in years prior to January 1, 2025. Permitting taxpayers to deduct domestic R&E expenditures incurred prior to January 1, 2025, and to immediately deduct 100% of such expenditures going forward, would result in a substantial loss of tax revenue to New York City.

The IRC sets forth separate deduction rules for domestic and foreign R&E expenditures. IRC § 174A allows domestic R&E expenditures to be deducted in full in the year of the expenditure; an election can be made to deduct domestic R&E expenditures over a 5-year period. Foreign R&E expenditures must be deducted over a 15-year period. This bill would decouple the City from the IRC’s deductions for domestic R&E expenditures. All qualifying domestic R&E expenditures would be calculated in the same manner as foreign R&E expenditures except that they would be deductible over a 5-year period.

H.R. 1 amended the IRC to allow taxpayers to compute adjusted taxable income (ATI) by calculating it without regard to depreciation, amortization, or depletion. This would result in a substantial loss of tax revenue to the City. This bill would require taxpayers to compute ATI with regard to depreciation, amortization, and depletion as was in place prior to the enactment of H.R. 1.

H.R. 1 also amended the IRC to raise the deduction limit to \$2.5 million and the phase-out threshold to \$4 million in 2025 for expensing the full purchase price of qualifying equipment and/or software purchased during the tax year. This deduction fully phases out once total purchases reach \$6.5 million. These limits are indexed to inflation, and prior to the H.R. 1 changes, tax year 2025 limits were scheduled to be a deduction limit of \$1.25 million and the phase-out threshold to \$3.13 million, with the deduction fully phased out at \$4.38 million. This change would result in a substantial loss of tax revenue to the City. This bill would limit taxpayers to deduction limits that were in place prior to the enactment of H.R. 1.

#### Budget Implications:

Enactment of this bill is necessary to implement the FY 2027 Executive Budget because it preserves revenue that would otherwise be lost if the City remained coupled to new Federal provisions.

**Effective Date:**

This bill would take effect immediately and would apply to taxable years beginning on or after January 1, 2025.

**Part H – Enact Pass-Through Entity Tax Flexibility**

**Purpose:**

This bill would change the deadline for qualifying entities to elect to pay the Pass-Through Entity Tax (PTET) and the New York City Pass-Through Entity Tax (NYC PTET) from March 15th to September 15th of a given tax year. The bill would also make corresponding changes to the estimated payment deadlines.

**Summary of Provisions and Statement in Support:**

This bill would extend the deadline to elect to pay the PTET and NYC PTET from March 15th to September 15th to allow for entities to better assess the appropriateness and suitability of such elections and allow for entities formed after March 15th to be able to participate in the program while maintaining revenue neutrality over a multi-year period. The bill would also adjust the schedule for payment of estimated taxes to allow for the proposed election deadline.

This bill would allow entities formed after March 15th in any calendar year to make PTET elections through September 15th of that year.

**Budget Implications:**

Enactment of this bill is necessary to implement the FY 2027 Executive Budget because it affords entities more time to decide whether electing into the PTET program is appropriate in a given year.

**Effective Date:**

This bill would take effect immediately and apply to all taxable years beginning on or after January 1, 2027.

**Part I – Extend the Commercial Security Tax Credit for Three Years**

**Purpose:**

This bill would extend the commercial security tax credit for three years through tax year 2028.

**Summary of Provisions and Statement in Support:**

The commercial security tax credit was originally enacted in 2024 to provide a tax credit to qualified businesses who incurred qualified retail theft prevention expenses through tax year 2025. The Division of Criminal Justice Services (DCJS) administers this credit and issues a certificate of tax credit providing the amount of tax credit the qualified business is eligible to claim. Qualified businesses that meet the commercial security tax credit eligibility requirements and apply for the credit by October 31 may be eligible to claim a tax credit equal to \$3,000 for each New York retail location. Businesses that have between 26 and 50 total employees statewide must exceed \$6,000 in retail theft prevention expenses per location, while businesses with 25 or fewer employees must spend more than \$4,000 in retail theft prevention expenses per location.

This bill would amend the Executive and Tax Law to extend the commercial security credit for an additional three years, through tax year 2028, to continue to help businesses offset the costs of needed retail theft prevention measures.

**Budget Implications:**

Enactment of this bill is necessary to implement the FY 2027 Executive Budget because it will maintain a benefit intended to support small businesses' investment in retail theft prevention.

**Effective Date:**

This bill would take effect immediately.

**Part J – Enhance the New York City Musical and Theatrical Production Tax Credit**

**Purpose:**

This bill would increase the aggregate available under the New York City musical and theatrical tax credit by \$150 million. Qualified New York City musical and theatrical productions whose initial performances were on or after December 1, 2025, would be eligible to apply for the credit with the additional funding.

**Summary of Provisions and Statement in Support:**

This bill would increase the amount available under the program for qualified New York City musical and theatrical productions whose initial performances occurred on or after December 1, 2025, by \$150 million. This credit program was enacted in 2021 to encourage musical and theatrical productions in New York City theaters. The credit allows eligible production companies taxable under Tax Law Articles 9-A and 22 to claim a refundable credit up to 25 percent of qualified production costs.

**Budget Implications:**

Enactment of this bill is necessary to implement the FY 2027 Executive Budget because it maintains existing support for musical and theatrical productions in New York City.

**Effective Date:**

This bill would take effect immediately and apply to qualified New York City musical and theatrical production companies whose first performance was on or after December 1, 2025.

**Part K – Impose Tax on Alternative Nicotine Products**

**Purpose:**

This bill would amend the Tax Law to impose the tobacco products excise tax on “alternative nicotine products.”

**Summary of Provisions and Statement in Support:**

This bill would expand the tobacco products excise tax in Tax Law Article 20 to include alternative nicotine products, which would include any noncombustible product, other than vapor products, that contain nicotine, but not tobacco, and are intended for human consumption. Currently, the Tax Law does not define or impose excise tax on these alternative nicotine products.

Classifying alternative nicotine products as tobacco products within the meaning of the Tax Law would integrate these relatively new, untaxed (for excise tax purposes) and largely unregulated nicotine products into the State’s tax administration and enforcement mechanisms. Accordingly, enactment of this bill would align the tax treatment of alternative nicotine products with the tax laws currently in place for tobacco products.

**Budget Implications:**

Enactment of this bill is necessary to implement the FY 2027 Executive Budget because it imposes tax on alternative nicotine products, while providing an additional \$50 million annually to HCRA starting in FY 2028. All Funds revenue will increase by \$18 million in FY 2027, \$44 million in FY 2028, \$51 million in FY 2029, and \$57 million in FY 2030.

**Effective Date:**

This act shall take effect immediately and shall apply to sales of alternative nicotine products on or after September 1, 2026.

**Part L – Amend Vapor Products Taxation and Enhance Flavor Ban Enforcement**

Purpose:

This bill would amend the Tax Law to add a distributor tax on vapor products and authorize the Tax Department to create a registry of vapor products that can be sold in New York State. These changes would create a taxing structure that would allow for Tax Department enforcement against contraband vapor products.

Summary of Provisions and Statement in Support:

Under current Tax Law, a tax is imposed on vapor products dealers based on the retail sale at 20 percent of the price charged to the customer. This bill would amend Tax Law §1181 to create an additional vapor products distributor tax at the rate of \$0.55 per unit of vapor product first imported into or manufactured in the State by the distributor. The two-tier taxing structure would aid the Department's enforcement responsibilities.

This bill would create an obligation on manufacturers of vapor products to annually apply for their products to be listed on the Department's vapor products registry. Only products listed on the registry could legally be sold in New York State. If products are not on the registry, they would be deemed contraband and a penalty imposed for the possession of such products. This registry would facilitate the Tax Department's enforcement efforts because it would enable inspectors to differentiate between legal and contraband products based on whether or not the product is on the registry.

The Tax Law currently requires vapor products dealers to annually obtain a certificate of registration from the Department. Under this bill, all vapor products distributors would similarly need to obtain a certificate of registration prior to commencing business and to renew such certificates annually. The fee for both the initial registration and the renewal would be \$300.

This bill would impose certain record keeping requirements on all persons on whom tax is imposed, and would impose penalties for the failure to maintain or provide the required records upon request. The bill would also impose new civil and criminal penalties for vapor product tax violations.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2027 Executive Budget because it allows for enhanced enforcement of contraband vapor products by the Tax Department. This enhanced enforcement requires an additional 41 staff for the Tax Department, costing approximately \$6 million on a full-year basis.

Effective Date:

This bill would take effect immediately; provided, however, sections three, six, eight and nine would take effect September 1, 2026.

## **Part M – Extend Reduced Transfer Tax Rates for Qualifying Real Estate Investment Trusts for Three Years**

### Purpose:

This bill would extend the tax rate reduction for conveyances of real property to existing Real Estate Investment Trusts (REITs) through September 1, 2029.

### Summary of Provisions and Statement in Support:

The Tax Law generally imposes a real estate transfer tax on conveyances of real property at a rate of \$2 for each \$500 of consideration. Conveyances to REITs are taxed at the reduced rate of \$1 for each \$500 of consideration. New York City imposes a similar real estate transfer tax with a reduced rate for transfers to REITs.

These reduced rates for conveyances to existing REITs are set to expire on September 1, 2026. The reduced rates were first enacted in 1996 and have been consistently renewed for three-year periods since their initial enactment. This bill would provide for another three-year extension of the reduced transfer tax rates through September 1, 2029.

### Budget Implications:

Enactment of this bill is necessary to implement the FY 2027 Executive Budget because it extends an incentive for REITs to invest in the State.

### Effective Date:

This act would take effect immediately.

## **Part N – Modify the Vendor Registration Program**

### Purpose:

This bill would authorize the Tax Department to undertake a complete sales tax vendor re-registration program in phases, to be completed by December 31, 2030.

### Summary of Provisions and Statement in Support:

Sales tax re-registration is important for sound tax administration because it requires sales tax vendors, who are entrusted with the responsibility to collect and remit customers' sales tax payments, to demonstrate compliance with sales tax laws and resolve any outstanding compliance issues. Re-registration also ensures that the Tax

Department's information about the individuals who are personally responsible for a business's sales tax compliance is current and accurate.

Currently, the Tax Law requires all prospective sales tax vendors to file a certificate of registration to obtain a certificate of authority ("COA"). A COA permits the sales tax vendor to make sales in New York State and empowers such vendors to collect and remit sales and use tax.

Current law further authorizes the Tax Commissioner to require sales tax vendors to re-register and obtain new certificates of authority when necessary for the proper administration of sales and use taxes, but not more than once every three years. The Tax Department's last re-registration program was conducted pursuant to Part LL-1 of Chapter 57 of the Laws of 2008 and concluded in 2012.

This bill would add flexibility to the Commissioner's current re-registration authority by allowing the Tax Department to determine the order in which current sales tax vendors must re-register within an overall re-registration program that must conclude by December 31, 2030. This flexibility will allow the Tax Department to stagger re-registrations in order to ensure proper oversight and efficient administration of the program. The bill would also set timelines for applications, department determinations and taxpayer protests that are more generous than current law, in anticipation of the larger volume of determinations that would be made during the re-registration program.

This bill would also establish a sales and use tax penalty and interest discount program to incentivize current sales tax debtors to resolve their outstanding sales tax liabilities before the re-registration program begins. Under this program, sales tax vendors would receive full penalty abatement and a 50% reduction to accrued interest if they pay their liabilities in full by December 31, 2026.

**Budget Implications:**

Enactment of this bill is necessary to implement the FY 2027 Executive Budget because the sales tax vendor re-registration program allows the Tax Department to obtain updated taxpayer information that supports the effective and efficient administration of the sales tax.

**Effective Date:**

This bill would take effect immediately.

**Part O – Establish a Sales Tax Exemption for EV Charging Stations**

**Purpose:**

This bill would amend the Tax Law to exempt from sales and compensating use taxes the retail sale of electricity by means of a commercial electric vehicle (“EV”) charging station to recharge an electric vehicle.

**Summary of Provisions and Statement in Support:**

The sale of electricity, other than for resale, is currently subject to sales tax. This bill would amend Tax Law § 1115 to create a sales and use tax exemption for the retail sale of electricity by means of a commercial EV charging station. Instead, this bill would deem the purchase of electricity to be sold by means of a commercial EV charging station a retail sale subject to tax under Tax Law § 1105(b)(1).

Environmental Conservation Law § 19-0306-b sets forth New York State’s goal to have 100 percent of in-state sales of new passenger cars and trucks be zero-emissions by 2035. As of mid-2025, New York State has over 187,000 EVs on the road. This number is projected to grow exponentially to meet the 2035 zero-emission mandate. The State’s public charging infrastructure will need to keep up with this demand.

Programs including Charge Ready NY and the EV Make-Ready Program have already begun establishing an EV charging infrastructure in New York at public parking facilities, workplaces, and multifamily apartment buildings. The State’s existing initiatives have laid a crucial foundation for providing incentives for infrastructure development, with 15,000 chargers at more than 4,000 locations.

This bill would further the State’s zero-emission goals by incentivizing the installation of EV charging stations for public use. In addition, it would simplify tax compliance for owners and operators of commercial EV charging stations by relieving them of the obligation to register and file sales tax returns for the electricity they sell to customers through their charging stations.

**Budget Implications:**

Enactment of this bill is necessary to implement the FY 2027 Executive Budget because lowering the administrative costs and burden of owning and operating a commercial EV charging station will remove some of the barriers that prevent businesses from expanding the State’s EV charging infrastructure.

**Effective Date:**

This act shall take effect on the first day of a sales tax quarterly period next commencing at least 90 days after this act shall have become a law.

**Part P – Extend the Sales and Use Tax Vending Machine Exemption for Three Years**

Purpose:

This bill would extend the existing sales tax exemption for certain food and drink purchased from a vending machine for three years.

Summary of Provisions and Statement in Support:

Current law exempts purchases of up to \$1.50 of certain food or drink items from vending machines that accept only coin or currency from sales tax. In addition, the law exempts purchases from vending machines capable of accepting payment in a form other than coin or currency (“cashless” machines) if the sale price is \$2.00 or less, regardless of whether that vending machine also accepts coin or currency. This bill would extend the exemption through May 31, 2029.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2027 Executive Budget because it incentivizes and supports the industry’s continued shift to cashless vending machines and micro-markets that can collect sales tax at the point of sale.

Effective Date:

This act shall take effect immediately.

**Part Q – Extend the Residential Energy Storage Exemption for Two Years**

Purpose:

This bill would extend the residential energy storage sales tax exemptions until June 1, 2028.

Summary of Provisions and Statement in Support:

Current law exempts receipts from the retail sale of residential energy storage systems equipment and the service of installing these systems from sales and use taxes. The law further exempts receipts from the sale of electricity generated by such systems from sales and use taxes when the equipment is installed on the purchaser’s residential property but is owned by someone other than the purchaser of the electricity.

This bill would extend the expiration date for these exemptions from June 1, 2026, to June 1, 2028, continuing to incentivize the purchase and use of residential energy storage systems equipment in New York.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2027 Executive Budget because it incentivizes the purchase and use of energy storage systems, which are designed to help lower energy costs for consumers and increase their energy resiliency in the event of a potential power outage.

Effective Date:

This bill would take effect immediately.

**Part R – Amend the Petroleum Business Tax Filing Deadline for Commercial Vessel Operators**

Purpose:

This bill would amend the Tax Law to require non-exempt commercial vessel operators to file petroleum business tax (“PBT”) returns on an annual basis on or before March 20<sup>th</sup> of each year.

Summary of Provisions and Statement in Support:

Commercial vessel operators are required to file a Form PT-350, *Petroleum Business Tax Return for Fuel Consumption – Commercial Vessels*, if they have not paid the PBT on fuel burned in New York State waters. Most commercial vessel operators are exempt from the PBT, including commercial passenger ferries, commercial fishing vessels, tugboats, towboats, and barges. However, a few commercial vessel operators currently continue to file the required PBT return on a monthly basis, often reporting small amounts of fuel subject to tax.

Shifting these remaining commercial vessel operators to an annual filing requirement would be comparable to the requirements for other small businesses. Allowing these commercial vessel operators to file their PBT return on an annual basis would simplify their PBT reporting obligations and enable greater efficiency in the administration of the PBT by the Department.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2027 Executive Budget because it simplifies the reporting obligations and reduces the administrative burden for these non-exempt commercial vessel operators.

Effective Date:

This act shall take effect on the first day of the month next commencing at least 90 days after this bill shall have become a law. A petroleum business that is required to file an annual return pursuant to section 1 of this act shall file monthly returns for periods

ending on or before such ninetieth day and shall file an annual return for the remainder of the annual period of March 1, 2026 through February 28, 2027, on or before March 20, 2027. These businesses shall be required to file annual returns going forward.

## **Part S – Extend the Alternative Fuels Exemption for Five Years**

### Purpose:

This bill would extend the alternative fuel tax exemptions (SUT/MFT/PBT) for fuel types E-85, CNG and hydrogen, and the partial exemption for B-20, until September 1, 2031.

### Summary of Provisions and Statement in Support:

Currently E-85, CNG, and hydrogen are fully exempt, and B20 is partially exempt, from motor fuel taxes, petroleum business taxes, fuel use taxes and State and local sales and compensating use taxes. This bill would extend the sunset date for these exemptions from September 1, 2026, to September 1, 2031. Extending these exemptions would continue to provide an incentive for the use of renewable fuels and is part of a comprehensive strategy to reduce dependence on foreign oil and to increase the use of clean energy fuels.

### Budget Implications:

Enactment of this bill is necessary to implement the FY 2027 Executive Budget because it maintains existing support for the renewable energy sector.

### Effective Date:

This bill would take effect immediately.

## **Part T – Enact STAR Program Technical Corrections**

### Purpose:

This bill would resolve residual issues from Part O of Chapter 59 of the Laws of 2025 and cohesively simplify the STAR exemption and credit programs to improve the taxpayer experience and facilitate program administration.

### Summary of Provisions and Statement in Support:

Part O of Chapter 59 of the Laws of 2025 simplified the administration of the STAR exemption and credit programs, making the programs easier for homeowners to understand, while removing unnecessary administrative burdens upon the Tax Department. This bill would continue this effort by:

- updating the “good cause” provision of the STAR program to reflect that there no longer are any applications for the Enhanced STAR exemption;
- furthering the consolidation effort by making the eligibility determination and protest provisions uniform across all variations of the STAR program;
- providing that STAR credit eligibility shall be based on ownership status as of July 1, consistent with the residency eligibility date set forth in existing law;
- restoring former Tax Law §606(eee)(2), which authorized the credit and was inadvertently repealed;
- clarifying that the age requirement for the Enhanced STAR credit applies to taxable years commencing in 2026; and
- eliminating the Department’s obligation to allow credit recipients to apply for supplemental payments (Form IT-119) when filing their personal income tax returns.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2027 Executive Budget because these changes make the STAR exemption and credit programs easier for taxpayers to navigate and easier for the Tax Department to administer.

Effective Date:

The bill would take effect immediately; provided, however that section 6, which concerns the amendment to the Enhanced STAR credit that was made by section 11 of Part O of Chapter 59 of the Laws of 2025, would be deemed to have been in full force and effect on and after January 1, 2026.

**Part U – Extend the Telecom Assessment Ceiling Program for Four Years**

Purpose:

This bill would extend the existing provisions of Real Property Tax Law Article 4, Title 5, to January 1, 2031.

Summary of Provisions and Statement in Support:

The telecommunications ceiling program was enacted to create a standardized, State-level process for determining the taxable assessed value of telecommunications mass property, benefiting both the industry and local governments. The program was originally enacted in Chapter 475 of the Laws of 2013, and has been extended twice since then. This bill would keep the program in place until January 1, 2031.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2027 Executive Budget because an extension will maintain the current assessment standard in place for all telecommunications mass property covered by this program.

**Effective Date:**

This bill would take effect immediately.

**Part V – Expanding the Rent Increase Exemption for Senior Citizens and Persons with Disabilities**

**Purpose:**

This bill would extend the Senior Citizen Rent Increase Exemption (“SCRIE”), and the Disability Rent Increase Exemption (“DRIE”) programs for two years, until June 30, 2028, expand the income eligibility thresholds for both programs from \$50,000 to \$75,000 in New York City, and allow for increased income eligibility thresholds by local option outside of NYC.

**Summary of Provisions and Statement in Support:**

The SCRIE and DRIE programs use property tax credits to freeze rents or offset rent increases for tenants of rent stabilized apartments and Mitchell-Lama affordable housing. This bill would expand these critical rent freeze programs for seniors and people with disabilities by increasing the income eligibility thresholds from \$50,000 to \$75,000 in New York City and would also authorize increased income eligibility thresholds by local option outside of New York City. This proposal would also keep these programs in place through 2028.

**Budget Implications:**

Enactment of this bill is necessary to implement the FY 2027 Executive Budget because extending and expanding the income eligibility thresholds for both programs ensure that housing remains affordable for both seniors and New Yorkers with disabilities living in rent regulated housing.

**Effective Date:**

This bill would take effect immediately.

**Part W – Make Technical Amendments to Pari-Mutuel Tax Reform**

**Purpose:**

Chapter 59 of the Laws of 2025 established a uniform excise tax rate imposed on any racing association or corporation, or regional off-track betting corporation, and prohibited “breaks,” which are odd cent values in the calculation of winning wagers. This bill amends and eliminates inconsistent provisions in current law.

Summary of Provisions and Statement in Support:

This bill would amend Racing, Pari-Mutuel Wagering and Breeding Law (PML) §§ 136, 236, 238, 318, 418, 527, 532, 904, 905, 1007, 1009, 1014, 1016, and 1018 to eliminate various tax and breakage provisions that are superseded by existing language in § 136 of PML. Chapter 59 of the Laws of 2025 established a new PML § 136 that set a uniform excise tax rate imposed on any racing association or corporation, or regional off-track betting corporation, as well as prohibited breaks. PML § 136 used a “notwithstanding any law to the contrary” clause to supersede any provisions that would otherwise be conflicting.

This bill would make technical amendments for accuracy and clarity, eliminate otherwise conflicting tax-consequence provisions and tax exemptions, and make stylistic revisions throughout to be consistent with other sections of PML.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2027 Executive Budget because it promotes consistency and clarifies seemingly inconsistent provisions in PML.

Effective Date:

This bill would take effect immediately.

**Part X – Extend Authorized Use of Capital Funds by a Certain Off-track Betting Corporation for One Year**

Purpose:

This bill would extend for one additional year the authorized non-capital use of capital acquisition funds by the Capital District Regional Off-Track Betting (OTB) Corporation.

Summary of Provisions and Statement in Support:

If certain conditions are met, Capital OTB is authorized to use \$1 million in FY 2027, toward:

- expenditures necessary to accept authorized wagers;
- past due statutory obligations to New York licensed or franchised racing corporations or associations;

- past due contractual obligations due to other racing associations or organizations for the costs of acquiring a simulcast signal;
- past due statutory payment obligations due to the New York State Thoroughbred Breeding and Development Fund Corporation, Agriculture and New York State Horse Breeding Development Fund, and the Harry M. Zweig Memorial Fund for equine research; and
- past due obligations.

Prior to use of the funds, the Corporation must attest that the surcharge monies have been and will continue to be paid to the localities as prescribed in law. Once this is satisfied, the Corporation would be required to submit an expenditure plan to the Gaming Commission and the Commission would make a determination as to whether the requirements of this Law have been met. As a condition of the expenditure plan approval, the Corporation shall provide a report of the use of funds by the end of the year the funds are requested. At such time, the Commission may order an independent audit be conducted to ensure that all monies were spent as indicated in the approved plan. If it is determined that the monies were used for non-approved purposes, the Corporation shall reimburse the fund for this amount.

This bill makes updates to the timeframes in laws approved in the FY 2026 Enacted Budget. Capital OTB requested and used \$1 million of their Capital Acquisition Funds toward non-capital use in FY 2026.

Budget Implications:

Enactment of this bill is necessary to implement the FY 2027 Executive Budget because it continues to allow Capital OTB to use a portion of their capital acquisition funds to make necessary payments, provided certain conditions are met.

Effective Date:

This bill would take effect immediately.

**Part Y – Permanently Extend Certain Pari-Mutuel Tax and Simulcasting Provisions**

Purpose:

This bill would permanently extend various pari-mutuel tax and simulcasting provisions of the Racing, Pari-Mutuel Wagering and Breeding Law (PML). This bill is necessary to maintain the current pari-mutuel wagering structure in New York State.

Summary of Provisions and Statement in Support:

This bill would permanently extend various expiring provisions throughout PML, with the exception of pari-mutuel tax rate reductions effectuated by §§ 6 and 32 of Chapter 281

of the Laws of 1994, which are no longer applicable as they are superseded by Chapter 59 of the Laws of 2025. Extending these provisions would maintain the pari-mutuel wagering and simulcasting structure that is currently in place in New York State. These provisions have been continually extended since their original enactment, most recently in the FY 2026 Enacted Budget.

**Budget Implications:**

Enactment of this bill is necessary to implement the FY 2027 Executive Budget because it maintains the current pari-mutuel wagering structure in New York State.

**Effective Date:**

This bill would take effect immediately.

**Part Z – Extend Certain Horse Racing Seasonal Employee Licensing Requirements**

**Purpose:**

This bill would extend the authorization to exempt certain horse racing seasonal employees from licensure for additional race dates occurring in 2026 at Saratoga Racetrack.

**Summary of Provisions and Statement in Support:**

This bill would extend the current exemption under Section 220 of the Racing, Pari-Mutel Wagering and Breeding Law that seasonal employees did not need to be licensed for additional race dates in 2024 and 2025 at Saratoga Racetrack for an additional year to include the upcoming racing season. These amendments would include 2026 race dates to account for the continued, temporary relocation of Belmont Park horse races while it is closed for racing.

**Budget Implications:**

Enactment of this bill is necessary to implement the FY 2027 Executive Budget because it accommodates the temporary, increased operational needs caused by the relocation of Belmont Park horse racing at Saratoga Racetrack in 2026.

**Effective Date:**

This bill would take effect immediately.

The provisions of this act shall take effect immediately, provided, however, that the applicable effective date of each part of this act shall be as specifically set forth in the last section of such part.