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SFY 2026-27 Executive Budget Tax Summary

Location in Budget Revenue Art 7	Proposal	Description of Executive Proposal	Executive Proposal Savings/Costs
PART A	Child Care	Enhance and Reform Child and Dependent Care Credit -Decouple from Federal- Create a standalone NYS Credit	\$65 million Annually
PART B	Tips	Exclude up to \$25,000 from tips from NYS Income Tax -Itemized Deduction	\$52 million FY2027
PART C	Retain Deductibility of Certain Charitable Contributions	Protects NYS Not-For-Profits who are threatened on the federal level unrelated to their compliance with the Internal Revenue Code	
PART D	Farm Tax Credits	Standardize the Definition of Farm: workforce credits, farm employer overtime and credit, to donation to food pantries	
PART E	9-A Tax Rates	Extend Article 9-A Tax Rates for 3 Year: 7.25% business income tax for three years through 2029 for taxpayers with a business income base greater than \$5 billion. Plus extend the current 0.1875 capital base tax rate for three years through 2029	SFY 2028 1,320 SFY 2029 1,900 SFY 2030 1,450 In millions

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PART F	Decouple Certain H.R.1 provisions	<ul style="list-style-type: none"> • Preserve the NYS current depreciation for qualified production property • Decouple research and experimental expenditures and align the State’s treatment of deductions for foreign and domestic R&E expenditures. 	SFY 2028 1,680 SFY 2029 770 SFY 2030 670 In millions
PART G	Decouple Certain H.R.1 provisions	Amends 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.	
PART H	Enact Pass-Through Entity Tax Flexibility	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.	
PART I	Extend the Commercial Security Tax Credit for Three Years	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.	
PART J	Enhance the New York City Musical and Theatrical Production Tax Credit	Increases 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	

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		after December 1, 2025, would be eligible to apply for the credit with the additional funding.	
PART K	Tax on Alternative Nicotine Products	<p>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.</p> <p>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.</p>	<p>SFY 2028 18 SFY 2029 44 SFY 2030 51 In millions</p>
PART L	Amend Vapor Products Taxation and Enhance Flavor Ban Enforcement	Amends 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.	
PART M	Extend Reduced Transfer Tax Rates for Qualifying Real Estate Investment Trusts for Three Years	<p>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.</p> <p>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</p>	

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		initial enactment. This bill would provide for another three-year extension of the reduced transfer tax rates through September 1, 2029.	
PART N	Re-Registration of All Sales Tax Vendors	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.	
PART O	Establish a Sales Tax Exemption for EV Charging Stations	<p>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.</p> <p>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).</p>	
PART P	Extend the Sales and Use Tax Vending Machine Exemption for Three Years	<p>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.</p>	
PART Q	Extend the Residential Energy Storage Exemption for Two Years	Would extend the expiration date for these exemptions from June 1, 2026, to June 1, 2028, continuing to	

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		incentivize the purchase and use of residential energy storage systems equipment in New York.	
PART R	Amend the Petroleum Business Tax Filing Deadline for Commercial Vessel Operators	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 20th of each year.	
PART S	Extend the Alternative Fuels Exemption for Five Years	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.	
PART T	Enact STAR Program Technical Corrections	<ul style="list-style-type: none"> • 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. 	

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PART U	Extend the Telecom Assessment Ceiling Program for Four Years	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.	
PART V	Expanding the Rent Increase Exemption for Senior Citizens and Persons with Disabilities	Extends 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.	
PART W	Make Technical Amendments to Pari-Mutuel Tax Reform	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.	
PART X	Extend Authorized Use of Capital Funds by a Certain Off-track Betting Corporation for One Year	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.	
PART Y	Permanently Extend Certain Pari-Mutuel Tax and Simulcasting Provisions	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.	

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PART Z	Extend Certain Horse Racing Seasonal Employee Licensing Requirements	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.	