



121 STATE STREET
ALBANY, NEW YORK 12207-1693
TEL: 518-436-0751
FAX: 518-436-4751

MEMORANDUM

TO: NYSPPFA

FROM: Hinman Straub Advisors, LLC

RE: Overview of the FY 2026 Enacted State Budget

DATE: May 8, 2025

This week, the state legislature commenced voting on the FY 2026 New York State Budget, more than five weeks past the April 1 statutory start of the state's new fiscal year. The new budget totals \$254 billion, the largest in state history and contains \$6 billion to fund the outstanding unemployment insurance debt owed in part from COVID-19 pandemic claims.

The budget also includes agreement on several "key priorities" of Gov. Hochul including reforms to the criminal discovery process; revised procedures involving the involuntary commitment of the mentally ill; restrictions on the use of cell phones during class hours; creating an aggravated crime of wearing a mask during the commission of an underlying criminal offense; and the closure of prisons.

The Enacted Budget also provides for the ability of the state's budget director to withhold certain appropriations and payments if a general fund imbalance of \$2 billion or more "has or is expected to occur in fiscal year 2025-26."

Key items included within this document from the FY 2026 Enacted State Budget include:

[Revenue](#)
[Banking, Business/Economic Development & Technology](#)
[Workforce, Labor & Public Protection](#)
[Energy, Environment & Telecommunications](#)

Revenue

Inflation Refund Credit (REV, Part A)

The Enacted Budget creates a one-time inflation refund tax credit. To qualify, taxpayers would need to be full-year residents in 2023 and be below certain income thresholds. Specifically, taxpayers who filed 2023 resident tax returns as "married filing jointly" or "qualifying surviving

spouse,” and whose income was between \$150,000 and \$300,000, would receive a \$300 tax credit in 2025. Taxpayers who filed 2023 resident tax returns as “married filing jointly” or “qualifying surviving spouse,” and whose income was less than \$150,000, would receive a \$400 tax credit in 2025.

Taxpayers who filed 2023 resident tax returns as “single,” “married filing separately,” or “head of household,” and whose 2023 adjusted gross income was between \$75,000 and \$150,000, would receive a \$150 credit in 2025. Taxpayers who filed 2023 resident tax returns as “single,” “married filing separately,” or “head of household,” and whose 2023 adjusted gross income was less than \$75,000 would receive a \$200 credit in 2025.

Middle-Class Tax Cut and Extend the Temporary Personal Income Tax (PIT) High Income Surcharge for Five Years (REV, Part B)

The Enacted Budget reduces New York State income tax rates for certain income brackets, while extending the temporary PIT high-income surcharge for five years, until 2032. The proposal would reduce the tax rates paid by married couples with incomes up to \$323,200 who file jointly, for heads of households with incomes up to \$269,300, and for single taxpayers and married taxpayers who file separately with incomes up to \$215,400.

The tax rates would be reduced by 0.10% beginning in tax year 2026. Chapter 59 of the Laws of 2022 phased out the PIT temporary high-income surcharge for tax years beginning after 2027, this proposal would extend the surcharge through tax year 2032.

Metropolitan Commuter Transportation Mobility Tax (New REV, Part VV)

The Enacted Budget amends the Metropolitan Commuter Transportation Mobility Tax and the funding mechanisms for the Metropolitan Transportation Authority (MTA) through a modified capital lockbox structure. It creates a two-zone Metropolitan Commuter Transportation District (MCTD) tax framework, updates payroll tax rates and thresholds, exempts certain local government employers, and dedicates a new revenue stream to fund the 2025–2029 MTA Capital Program.

Employer Payroll Size (Quarterly)	Zone 1 (NYC) - Pre July 1, 2025	Zone 1 (NYC) - Post July 1, 2025	Zone 2 (Suburbs) - Pre July 1, 2025	Zone 2 (Suburbs) - Post July 1, 2025
\$312,500 - \$375,000	0.11	0.055	0.11	0.055
\$375,001 - \$437,500	0.23	0.115	0.23	0.115
\$437,501 - \$2.5M	0.6	0.6	0.34	0.34
Over \$2.5M	0.6	0.895	0.34	0.635

A local government employer includes:

1. Counties, cities, towns, villages, or other political or civil subdivisions of the state;
2. Public improvement or special districts;
3. Public authorities, commissions, community colleges, or public benefit corporations;
4. Any other public corporation, agency, instrumentality, or government unit exercising governmental powers under state law; and
5. In counties where the sheriff is elected, both the county and the sheriff are considered joint public employers for purposes of this law.

A local government employer is taxed as follows:

- Zone 1 (NYC):
 - Local government employers over \$2.5M: 0.60%
- Zone 2 (Suburbs):
 - Local government employers are exempt.

Sales and Compensating Use Taxes for the Metropolitan Commuter Transportation District (New REV, Part WW)

The Enacted Budget redirects the allocation of certain tax revenues in the metropolitan commuter transportation district. Previously, all revenues from taxes, interest, and penalties under Section 1109 were deposited into the Mass Transportation Operating Assistance Fund (“MTOAF”) for the Metropolitan Mass Transportation Operating Assistance Account (“MMTOAA”).

The amendments now allocate 15% of these revenues to the MMTOAA and 85% to the Dedicated Mass Transportation Trust Fund (DMTTF), with the latter further distributed as follows: 85% to the New York City Transit Authority and its subsidiaries and the Staten Island Rapid Transit Operating Authority, and 15% to the Long Island Rail Road Company and Metro-North Commuter Railroad Company, subject to appropriation and procedures in Section 1270-c.

Additionally, amounts billed to counties, cities, or school districts for clothing and footwear tax exemptions, previously deposited entirely into the MMTOAA, are now credited per the new allocation in Section 1109(d). The amendments also update the MTOAF and DMTTF to reflect these revenue streams and clarify their use for mass transit operating and capital costs, including debt service and bond obligations, while ensuring no claims against these funds arise from tax refunds or credits under Articles 13-A and 28.

Bonds and Notes Issued by the MTA, the Triborough Bridge and Tunnel Authority and the New York City Transit Authority (New REV, Part XX)

The Enacted Budget increases the aggregate principal amount of bonds, notes, or other obligations that the Metropolitan Transportation Authority (“MTA”), Triborough Bridge and Tunnel Authority, and New York City Transit Authority can issue for capital program plans approved for 1992 through 2029. The previous cap of \$90.1 billion is raised to \$115.5 billion, extending the funding capacity for projects through 2029.

The amendment maintains exemptions from this cap for obligations related to refunding, debt service reserves, issuance costs, federal loans, credit arrangements, original issue discounts, capitalized interest, specific bus acquisitions, equipment leasing/selling, and bond anticipation notes, ensuring these do not count toward the new limit. This change provides the MTA and its affiliates with greater financial flexibility to fund transit infrastructure and operational improvements while preserving existing exclusions from the debt ceiling.

Relief from Sales Tax Liability Provided to Certain Limited Partners and Members of Limited Liability Companies (New REV, Part QQ)

The Enacted Budget amends the Tax Law to provide limited liability relief for certain limited partners of limited partnerships (excluding limited liability partnerships) and members of limited liability companies (LLCs) with respect to sales and use taxes imposed under Article 28 and

authorized under Article 29. It introduces a new subdivision (fifteen-a) to Section 171 and revises Section 1133(a) to consolidate and clarify the relief provisions. The proposal limits personal liability for qualifying limited partners and LLC members, protecting passive investors from full responsibility for the entity's sales and use tax obligations, provided they meet strict eligibility criteria.

Eligibility for Relief

- Applies to limited partners of limited partnerships or LLC members with “less than 50% ownership interest” and “less than 50% distributive share of profits and losses.”
- The individual must “not have a duty to act” or have acted on behalf of the partnership/LLC in complying with sales and use tax requirements under Articles 28 and 29.

Relief Details

- If approved, the limited partner or member is liable only for a percentage of the partnership/LLC's tax liability equal to the “higher of their ownership interest or distributive share.”
- Liability includes accrued interest (at the underpayment rate) up to the payment date, reduced by any payments made by the partnership/LLC.
- Excludes penalties owed by the partnership/LLC or other partners/members. Total liability across all responsible persons cannot exceed the partnership/LLC's total liability.

Application Process

- Requires a “properly completed application” on a form prescribed by the commissioner.
- Applications are denied if:
 - The individual had a duty to act or acted in tax compliance.
 - The individual has been convicted of a Tax Law crime.
 - The individual has a past-due tax liability (per Section 171-v).
 - Approval would undermine tax compliance or be adverse to the state's interests.
 - Providing “false or fraudulent information” disqualifies the applicant, voids any relief agreement, and imposes strict liability for the full tax, interest, and penalties owed by the partnership/LLC.

Review Process

- Denial of relief is not reviewable by the Division of Tax Appeals but can be challenged via an Article 78 proceeding within four months in the county of the commissioner's principal office.

Payment Rules

- Payments exceeding the individual's liable percentage are credited to the partnership/LLC's liability, not refunded to the individual.

Simplifying the Property Tax Credit (New REV, Part RR)

The Enacted Budget amends Section 606(e) of the Tax Law, modifying the real property tax credit (also known as the “circuit breaker” credit) for New York State residents. For taxable years before January 1, 2025, the definition of a “qualified taxpayer” remains a resident occupying the same residence for six months or more and filing a tax return, with “qualifying real property taxes”

including taxes, special levies, and assessments paid on the residence, less any school tax relief credit, and "real property tax equivalent" defined as 25% of adjusted rent paid for occupancy.

The credit calculation for these years provides 50% (or 25% if electing additional exemptions) of excess real property taxes over a percentage of household gross income (3.5% to 6.5% based on income ranges up to \$18,000), with maximum credits ranging from \$41 to \$375 depending on age and income. For taxable years on or after January 1, 2025, the eligibility criteria tighten, requiring qualifying real property taxes or tax equivalents to exceed specified percentages of federal adjusted gross income (3.5% to 6.5% for incomes up to \$18,000).

The credit structure simplifies, offering fixed amounts based on federal adjusted gross income: \$150 to \$375 for taxpayers or dependents aged 65 or older, and \$50 to \$75 for others, with no percentage-based calculation.

Additional changes include allowing only one credit per qualified taxpayer (not per household) starting in 2025, adjusting reporting requirements to use federally adjusted gross income instead of household gross income, and streamlining administrative processes, such as replacing preliminary and final reports with a single annual report by September 1 starting in 2025. The act ensures overpayments are refunded without interest, even for non-filers.

Geothermal Energy Systems Tax Credits (New REV, Part UU)

The Enacted Budget increases the maximum amount of the Geothermal Tax Credit from \$5,000 to \$10,000.

Enhance the Empire State Child Credit for Three Years (REV, Part C)

The Enacted Budget increases the Empire State Child Credits allowed for tax years 2025, 2026, and 2027. Specifically, a taxpayer would be allowed a refundable credit of \$1,000 for each qualifying child under the age of four in tax years 2025, 2026 and 2027. Additionally, a taxpayer would be allowed a refundable credit of \$330 for each qualifying child between four and seventeen in 2025, and \$500 for each child between four and seventeen in 2026 and 2027.

Eligibility:

Filer Type	Threshold Income	3yr and below 2025 - 2027	Between 4-17yr 2025	Between 4-17yr 2026-2027
Married Filing Jointly or Surviving Spouse	\$110,000	\$1,000 (\$16.50 less for every \$1,000 earned over threshold income)	\$330 (\$16.50 less for every \$1,000 earned over threshold income)	\$500 (\$16.50 less for every \$1,000 earned over threshold income)
Head of Household	\$75,000	\$1,000 (\$16.50 less for every \$1,000 earned over threshold income)	\$330 (\$16.50 less for every \$1,000 earned over threshold income)	\$500 (\$16.50 less for every \$1,000 earned over threshold income)
Single or Married Filing Separately	\$55,000	\$1,000 (\$16.50 less for every \$1,000 earned over threshold income)	\$330 (\$16.50 less for every \$1,000 earned over threshold income)	\$500 (\$16.50 less for every \$1,000 earned over threshold income)

Reporting of Federal Partnership Adjustments (REV, Part V)

The Enacted Budget establishes reporting requirements for federal partnership audit changes and administrative adjustment requests made pursuant to the federal centralized partnership audit regime established by the Bipartisan Budget Act of 2015.

Eliminate NYC PIT for Certain Filers (REV, Part W)

The Enacted Budget authorizes a credit against New York City personal income tax (PIT) liability for certain New York City taxpayers. A taxpayer will be eligible for a credit equal to the PIT otherwise owed after all other credits are applied if such taxpayer: (A) claims at least one dependent on their federal income tax return in the relevant tax year; (B) has an income below the threshold provided in the bill (see below table) for such taxpayer’s filing status and number of dependents, which threshold shall be adjusted each year based on changes 24 in the consumer price index; (C) does not receive the New York State or New York City pass-through entity tax credit and; (D) does not have certain types of disqualified income in an amount greater than \$10,000.

Income Thresholds:

Number of Dependents	Income No Greater Than
Married Filing Jointly or Surviving Spouse	
1	\$36,789
2	\$46,350
3	\$54,545
4	\$61,071
5	\$68,403
6	\$75,204
7 or more	\$91,902
Single, Married Filing Separate, Head of Household	
1	\$31,503
2	\$36,824
3	\$46,512
4	\$53,711
5	\$59,928
6	\$65,712
7	\$74,565
8 or more	\$88,361

A taxpayer with an income that exceeds the threshold for such taxpayer’s filing status and number of dependents by \$5,000 or less and who is otherwise eligible for the credit authorized by this section is eligible for a credit equal to a portion of the PIT otherwise owed after all other credits are applied. Such portion eligible for the credit decreases as the taxpayer’s income increases according to a formula outlined in the bill.

Extend and Double the Low-Income Housing Credits (REV, Part D)

The laws of 2021 and 2022 increased the State Low-Income Housing Tax Credit (“SLIHC”) statewide allocation limit by \$15 million for each year from 2022 to 2025. The Enacted Budget doubles those increases for each year from 2025 through 2029, raising the allocation increase to \$30 million per year through 2029. The proposal further clarifies that refunded bonds can be paired with SLIHC at the same 9% rate as certain federal low-income housing tax credits.

Amend the State Historic Property Tax Credits (REV, Part E)

The Enacted Budget allows the recipient of the state historic tax credit to transfer the credit, in whole or in part, to another person or entity so long as such transfer is approved by the NYS Parks Commissioner, regardless of how the federal credit is allocated. The bill also exempts from the law's census tract limitations, any affordable housing project subject to at least a thirty-year regulatory agreement, in addition to the existing exemption for projects located within land under NYS Parks' jurisdiction.

Waiting Period Restriction and Limit Deductions on Institutional Real Estate Investors (REV, Part F)

Subpart A prohibits institutional investors who own 10 or more single- or two-family homes and have \$30 million or more in assets from seeking to buy a single- or two-family home unless it has been on the market for at least 90 days. Entities that receive funding from these investors would also be subject to the 90-day waiting period.

Nonprofits, land banks, community land trusts, and a creditor or its loan servicer acquiring ownership of real property in full or partial satisfaction of a secured debt would be exempt. An institutional investor or entity funded by an institutional investor that violates the waiting period requirements would be subject to \$250,000 in civil damages and penalties. In addition, all entities covered by the waiting period requirement seeking to purchase a single- or two-family home would need to submit to the seller a form identifying themselves as covered entities, and they would be subject to a \$10,000 penalty for failing to do so. The Attorney General would be authorized to enforce the provisions of this article.

Subpart B prohibits institutional investors that own 10 or more single- or two-family homes and have \$30 million or more in assets under management, or the individual owners of such institutional investors, from claiming depreciation tax deductions for those homes. This subpart would also prohibit such institutional investors, or their individual owners, from claiming interest deductions with respect to such homes. An institutional investor would, however, be permitted to take an interest deduction with respect to a home that is sold to an affordable housing nonprofit or to an individual buyer who will live in the home.

Subpart C requires the Secretary of State to publish on its website, and annually in newspapers, the location of cease-and-desist zones, where solicitation by real estate brokers and salespersons is currently prohibited under Real Property Law.

Extend and Amend the Excelsior Jobs Program (REV, Part H)

Subpart A extends the existing excelsior jobs program until 2034. The modified proposal also adds reporting requirements. Additionally, the proposal would provide for enhancements to the program, including:

- Adding semiconductor supply chain projects to the list of eligible sectors of business. Makes the semiconductor supply chain projects eligible for a benefit of up to 7% for excelsior's jobs tax credit component, 3% for excelsior's investment tax credit component, and up to 7% for excelsior's research and development tax credit component.
- Creates the new *semiconductor research and development project program* providing a tax credit of up to 15% of the cost or other basis for federal income purposes on qualified investment made by a semiconductor research and development project.

- Creates the new *semiconductor manufacturing workforce training incentive program* providing a tax credit equal to 75% of eligible wages, training costs and wrap around services up to \$25,000 per employee, up to \$1,000,000, per eligible non-semiconductor manufacturing business, and up to \$5,000,000 per eligible semiconductor manufacturing business.
- The proposal repeals the current employee training incentive program (ETIP) effective December 31, 2028.

Subpart B alters and expands the Jobs Retention Tax Credit Program (“JRTCP”). The proposal updates the JRTCP to assist additional emergency-impacted businesses. The program would be expanded to support small businesses at risk of leaving the state or closing operations due to the economic impact of an event leading to an emergency declaration by the Governor. The modified proposal requires business entities that apply to submit a plan to retain, restore, or increase staffing levels. Any recipient that does not adhere to the staffing plan can have the award rescinded unless the recipient can demonstrate economic hardship, in which case any such program award may be reduced proportionally by the number of employees not restored or retained.

Extend and Amend the Film Tax Credit (REV, Part I)

The Enacted Budget amends the Empire State Film Production Credit and the Empire State Post-Production Credit programs, as well as create the new Empire State Independent Film Production Credit.

The proposal makes several changes to the Film Tax Credit Program. For initial applications submitted after January 1, 2025, the existing payout tier structure would be eliminated. The proposal establishes a new “production plus” initiative designed to attract recurring business and multiple productions to the state. Further, the proposal removes some restrictions on the above-the-line cost caps in the film production program and modifies the criteria for qualified independent film production companies. The proposal would extend the film production program through 2036, a two-year extension from its previous sunset date. It also enhances the post-production tax credit program and creates the Empire State Independent Film Production Credit, allowing qualified independent productions to access tax credits through an expedited process.

Newspaper and Broadcast Media Jobs Program (REV, Part J)

The Enacted Budget makes a technical correction to the Newspaper and Broadcast Media Jobs Program, enacted in 2024 to allow a credit of up to \$300,000 to each subsidiary or affiliate that meets the eligibility criteria for the credit. These amendments also streamline definitions, ensure clarity in tax credit issuance, and maintain the focus on supporting job creation and retention in the newspaper and broadcast media sectors.

Amend the Digital Gaming Media Production Credit Program (REV, Part K)

The Enacted Budget authorizes entities to carry over any unused amount of the empire state digital gaming media production credit and add that to the aggregate amount of credits allowed in subsequent years. The bill also amends the definition of “qualified digital media gaming production” by reducing the production costs from \$100,000 to \$50,000 to qualify, increases the from \$4 million to \$5 million the costs that can be used per production in the calculation of the credit, and reduces the total production costs incurred and paid from 75% to 51%.

Extend the New York City Musical and Theatrical Production Credit for Two Years (REV, Part L)

The Enacted Budget extends the New York City musical and theatrical production credit for two years through tax year 2027 and increases the aggregate available under the program for the next two years by \$100 million, for a total of \$400 million.

Clarify Taxpayer Notification and Protest Rights (REV, Part M)

The Enacted Budget amends the Tax Law to clarify that the protest rights afforded to taxpayers are the same whether the taxpayer is informed via electronic communications or mailed communications.

Improve the Tax Warrant Process (REV, Part N)

The Enacted Budget authorizes the Tax Department to file all tax warrants and warrant-related records at the Department of State (DOS) to effect liens and judgments against the real, personal, and other property of tax debtors, while requiring the Tax Department to file a copy of any warrant and/or warrant-related records with the clerk of the county named in the warrant.

Simplify the STAR Income Definition (REV, Part O)

The Enacted Budget makes multiple changes to the STAR exemption and STAR credit programs, including:

- Ease age eligibility requirements so only one of the resident owners of a property needs to be 65 or older;
- Ease income eligibility requirements so only the income of the owners who primarily reside on the property is considered;
- Allow property owners who are not required to file income tax returns to stop filing income worksheets if they were found to be eligible based on such worksheets for three consecutive years;
- Set July 1 as the residency date for STAR credit income eligibility purposes in order to facilitate timely annual income eligibility determinations; and
- Consolidates eligibility determination process and protest provisions so they are consistent for all variations of the STAR program.

Increase the Article 9-A Estimated Tax Threshold (REV, Part R)

The Enacted Budget increases the threshold at which corporation tax filers are required to make estimated tax payments, from \$1,000 to \$5,000, beginning on January 1, 2026.

Establish a Tax Credit for Organ Donation (REV, Part S)

The Enacted Budget creates an organ donation tax credit and will allow full-year resident taxpayers a refundable tax credit for unreimbursed expenses related to the transplant including: (i) travel expenses; (ii) lodging expenses; and (iii) lost wages, not to exceed \$10,000, in the tax year in which the living human organ transplantation occurs.

This credit would not be available if the taxpayer were reimbursed for certain living donor expenses pursuant to Public Health Law § 4371 when the taxpayer donated a human organ to a recipient who is also a resident of the state. The proposal would also sunset the existing New York subtraction modification that reduces a taxpayer's federal adjusted gross income by up to

\$10,000 if the taxpayer, while living, donates one or more human organs for human organ transplantation. The subtraction modification would be available to taxpayers through tax year 2024.

Make Permanent the Estate Tax Three-Year Gift Addback Rule (REV, Part T)

The Enacted Budget extends until January 1, 2032, the provision that requires gifts that are taxable for federal gift tax purposes and are made within three years of an individual's date of death to be included when calculating the decedent's New York gross estate. In the event, the amount by which the total tax imposed under this article exceeds the total tax that would have been imposed under this article if this paragraph did not apply will be treated as an obligation of the decedent as of the decedent's death that is subject to the provisions of this article (but which shall not be deductible for purposes of this article).

Expand the Credit for Employment of Persons with Disabilities (REV, Part U)

The Enacted Budget increases the tax incentive to employers that employ persons with disabilities. Currently, the maximum credit per qualified employee is limited to \$2,100. This proposal increases the amount of the credit for taxable years beginning on or after January 1, 2025, to \$5,000 in qualified first-year wages earned by each qualified employee or, alternatively, where the federal work opportunity tax credit applies, \$5,000 in qualified second-year wages earned by each qualified employee.

Extend the Clean Heating Fuel Credit for Three Years (REV, Part Y)

The Enacted Budget extends the clean heating fuel credit available to taxpayers under Articles 9, 9-A, and 22 of the Tax Law for purchases of bioheating fuel for residential purposes before January 1, 2029. The credit is equal to \$.01 per percent of the biodiesel fuel, not to exceed 20 cents per gallon, purchased by the taxpayer.

Extend the Alternative Fuels and Electric Vehicle Recharging Property Credit for Three Years (REV, Part Z)

The Enacted Budget extends the alternative fuels and electric vehicle recharging property credit for three years through tax years beginning before January 1, 2029.

Extend the Workers with Disabilities Tax Credit for Three Years – REV, Part BB

The Enacted Budget extends the workers with disabilities tax credit for an additional three years through tax year 2028. The credit provides tax incentives to qualified employers for employment of persons with disabilities.

Extend the Hire a Vet Credit for Three Years (REV, Part CC)

The Enacted Budget extends the hire a vet tax credit for an additional three years. The credit is available through tax years beginning before January 1, 2029, for veterans who begin employment before January 1, 2028.

Extend the Musical and Theatrical Production Credit for Four Years (REV, Part DD)

The Enacted Budget extends the provisions of the musical and theatrical production credit for an additional four years — to January 1, 2030.

Extend the Financial Institution Data Match System for Five Years (REV, Part EE)

The Enacted Budget extends the authority of the Commissioner of Taxation and Finance to use the financial institution data match (“FIDM”) system for collection of fixed and final tax debts for five years.

Farm Workforce Retention Credit (New REV, Part JJ)

The Enacted Budget extends the Farm Workforce Retention Credit for an additional three years. The credit is available through tax years beginning before January 1, 2029.

Farm Employer Overtime Credit (New REV, Part KK)

The Enacted Budget creates the Farm Employer Overtime Credit Program under a new Article 25-C of the Agriculture and Markets Law and amends Section 42-a of the Tax Law. The program provides tax credits equal to 118% of certified overtime expenses to qualified farm employers for overtime expenses paid to eligible farm employees, effective for taxable years starting January 1, 2026.

Filing of Amended Returns under Article 28 (New REV, Part LL)

The Enacted Budget clarifies section 4 of Part H of Chapter 59 of the Laws of 2024, which modified the Tax Law concerning the filing of amended returns under Article 28 (related to sales and use taxes). The amendment adjusts the applicability of these changes and establishes a retroactive effective date. The amendment removes the phrase "for periods commencing" and simplifies the language to state that the amendments apply to returns filed or amended “on and after December 1, 2024.”

This change broadens the scope to include any returns filed or amended on or after December 1, 2024, regardless of the tax period they cover. Previously, the amendments were limited to tax periods starting on or after that date. This ensures that amended returns filed after December 1, 2024, for earlier periods are also subject to the updated rules.

General Fund Imbalance Superpowers (Aid to Localities)

The Enacted Budget adds a provision that authorizes the New York State Budget Director, notwithstanding any contrary law, to withhold all or part of appropriated payments in fiscal year 2025–26 if a general fund imbalance of \$2 billion or more is projected or occurs on a cash basis. Before withholding any funds, the Director must consider whether alternative options are available and evaluate the impact of the potential withholds.

If any payments are withheld, the state's obligation to the affected recipients is proportionally reduced. Certain appropriations are exempt from these withholds, including public assistance and Supplemental Security Income-related payments, payments that would violate federal law, constitutionally or contractually obligated debt service, and court-ordered payments. A general fund imbalance is defined as a \$2 billion or more cumulative variance between estimated general fund receipts and disbursements as compared to the enacted budget financial plan, excluding any prior withholds or use of the \$2 billion transaction risk reserve.

If such an imbalance is identified, the Budget Director must notify the Senate President and Assembly Speaker within ten business days and detail which payments will be withheld, along with any other actions being taken to resolve the shortfall. The Legislature then has ten business days to adopt its own withhold plan by concurrent resolution, provided it meets the same

aggregate withhold level and adheres to the requirements of this provision. If the Legislature fails to act or its plan does not conform, the Budget Director's plan automatically takes effect. Finally, any withheld payments may be restored in full or in part if a surplus materializes later in the fiscal year.

Banking, Business/Economic Development & Technology

Regulation of Buy Now, Pay Later Loans (TED, Part Y)

The Enacted Budget includes a provision to regulate companies who offer Buy Now Pay Later (BNPL) loans, which are traditionally short-term loans offered as an alternative to credit card payments, which allow consumers to split the cost of a purchase into multiple payments.

BNPL Loan is defined as: "closed-end credit provided to a consumer in connection with such consumer's particular purchase of goods and/or services, other than a motor vehicle. A BNPL loan does not include credit where the creditor is the seller of such goods and/or services, unless it is credit pursuant to an agreement where the creditor purchases a good or service from the seller and resells that good or service to the consumer on closed-end credit."

Federally and state-chartered banks and credit unions are exempt organizations under this bill.

Increase the Linked Deposit Program Authorization (TED, Part LL)

The Enacted Budget includes a provision to increase the maximum authorization of funds on deposit for the linked deposit program to \$1 billion. The Linked Deposit Program is an interest-rate-reduction initiative overseen by Empire State Development (ESD) designed to assist small businesses. The current allocation to the program has remained unchanged since 2007. Manufacturing firms with 500 or fewer full-time New York-based employees and service businesses, independently owned and operated and not dominant in their field, with 100 or fewer full-time New York-based employees are eligible for the program.

Require Additional Safety Features for AI-Companion Technology (TED, Part U)

The Enacted Budget creates a new Article 47 under the General Business Law to regulate AI companion systems, focusing on user safety, transparency, and enforcement. It also establishes a Suicide Prevention Fund under the State Finance Law.

AI companion is defined as a system using AI, generative AI, and/or emotional recognition algorithms to simulate human-like relationships (intimate, romantic, or platonic) by:

- Retaining user interaction data and preferences for personalized engagement.
- Asking unprompted emotion-based questions.
- Sustaining ongoing personal dialogue.

Exclusions include systems used solely for customer service, efficiency improvements, research, technical assistance, or internal business purposes.

Under this proposal, operators are required to implement protocols to detect and address user expressions of suicidal ideation or self-harm in AI companion interactions, including detecting

such expressions and notifying users with referrals to crisis services (e.g., 9-8-8 hotline, crisis text lines, or other appropriate services).

Operators must provide clear and conspicuous notifications to users at the start of AI companion interactions (max once per day), every three hours during ongoing interactions. Notification (verbal or written) must state that the user is interacting with an AI, not a human.

The bill provides for Attorney General enforcement who can seek injunctions to stop unlawful acts or practices and can impose civil penalties of up to \$15,000 per day for violations, as well as any other remedies deemed appropriate by the court. All fees, fines, and penalties collected are deposited into the Suicide Prevention Fund.

Outlaw Artificial Intelligence-Generated Child Sexual Abuse Material (PPGG, Part L)

The Enacted Budget expands the scope of child pornography offenses to include artificial intelligence-generated child sexual abuse materials to include:

- Performances created or altered by digitization as offenses under Promoting an Obscene Sexual Performance by a Child, a Class D felony
- Possessing an Obscene Sexual Performance by a Child, a Class E felony
- Promoting a Sexual Performance by a Child, a Class D felony
- Possessing a Sexual Performance by a Child, a Class E felony

Standardize Returns and Refunds (TED, Part V)

The Enacted Budget includes a heavily modified version of the original proposal that will extend existing standards for the returns and refunds to online retailers.

Strengthen Subscription Cancellation and Renewal Protections (TED, Part W)

The Enacted Budget includes a modified version of the Executive's proposal regulating automatic renewal and continuous service offers to consumers. Importantly, the final language removed the Executive's proposed broad exemption for FCC regulated entities, as well as the existing exemption for FCC regulated entities specific to subdivision 3(b).

Key changes to the law include the following:

Failure to Disclose Terms

Businesses must present material terms (e.g., product description, costs, charge frequency, cancellation deadlines and mechanisms) clearly and conspicuously before obtaining consent or billing info. Free trials or temporary prices must include clear explanations of post-trial pricing.

Charging Without Consent

Businesses are prohibited from charging for initial terms or price increases without affirmative consumer consent. For price increases, businesses must either get consent or allow cancellation within 14 days with pro-rated refunds.

Notice Requirements

Businesses must provide retainable notices detailing terms, costs, frequency, deadlines, and cancellation methods. For renewals with initial terms of 1+ year and renewals of 6+ months, notify consumers 15–45 days before cancellation deadlines. For free trials over a month, notify 3–21 days before the first charge.

Cancellation Mechanisms

Must offer simple cancellation as easy as the consent method and through all consent mediums (e.g., online, phone). In-person consent requires at least online or phone cancellation options. Businesses cannot impose unreasonable cancellation conditions or delays.

Material Changes

Notify consumers of material changes (e.g., price increases) 5–30 days prior via consumer-selected methods.

This provision takes effect 180 days after becoming law.

Personalized Pricing Transparency and Anti-Discrimination (TED, Part X)

The Enacted Budget includes a provision that will require entities to notify consumers when prices for goods or services are set using personal data specific to the consumer. Any entity that utilizes such algorithmic pricing must provide clear and conspicuous disclosure that states: “THIS PRICE WAS SET BY AN ALGORITHM USING YOUR PERSONAL DATA.”

This provision includes exceptions for entities subject to the insurance law, financial institutions, and in instances where a price that is offered to a consumer who has an existing subscription-based contract or subscription-based agreement for goods or services with an entity and where such price is less than the price for the same good or service set forth in the subscription-based agreement or subscription-based contract (discounts).

The Attorney General is authorized to issue a cease-and-desist letter to any entity suspected of violating these provisions, specifying the alleged violation or violations and the remedies to cure the violations within a designated timeline. After receipt of the cease-and-desist letter and the expiration of such designated timeline, if the entity continues to violate these provisions, an application may be made by the attorney general to a court or justice having jurisdiction by a special proceeding to issue an injunction, and upon notice to the respondent of not less than five days, to enjoin and restrain the continuance of such violations. If the court or justice determines that the respondent has violated these provisions, an injunction may be issued enjoining and restraining any further violation, without requiring proof that any person has, in fact, been injured. The court may impose a civil penalty of not more than one thousand dollars for each violation.

Extend the Authorization of the MWBE Business Program (TED, Part KK)

The Enacted Budget extends New York State’s Minority and Women-owned Business Enterprises (MWBE) program for three years (July 1, 2028). The Budget also directs an MWBE-led policy study analyzing potential ways to improve the effectiveness of the state minority and women-owned business enterprise program in order to better help minority and women-owned businesses. The purpose of such study will provide recommendations to further strengthen and

increase the effectiveness of the state minority and women-owned business enterprise program, which is due May 1, 2027.

Increase Discretionary Procurement Thresholds for MWBEs and Service-Disabled Veteran Owned Businesses (TED, Part MM)

The Enacted Budget increases the state agency discretionary procurement threshold for MWBEs and SDVOBs from \$750,000 to \$1.5 million and increases the public authority discretionary procurement threshold in Public Authorities Law for MWBEs from \$500,000 to \$1.5 million and includes SDVOBs.

Captive Insurance for Public Benefit Corporations (TED, Part NN)

The Enacted Budget authorizes the New York Convention Center Operating Corporation (Javitz Center) to create a pure or group captive insurance company.

Regional Economic Development Councils

The Enacted Budget includes \$150 million for the Regional Economic Development Council (REDC) initiative. Funding is available and based in part on a competitive selection process among the regional economic development councils and will support initiatives based on anticipated economic development benefits.

FAST NY

The Enacted Budget includes \$100 million for services and expenses, loans and grants related to the FAST NY program which will be used for the acquisition of real property, preparation of plans, design, construction, renovation, administration, and other incidental costs.

Housing

The Enacted Budget includes \$250 million for services and expenses, loans and grants related to the redevelopment of underutilized sites for housing initiative.

Artificial Intelligence

The Enacted Budget includes \$90 million for services and expenses, loans and grants related to the Launch NY AI Consortium program.

Workforce, Labor & Public Protection

Public Workforce

Extend the Waiver of Civil Service Examination Fees (PPGG, Part V)

The Enacted Budget extends the waiving of civil service exam fees through June 30, 2027.

Establish an Optional Payment for Newly Hired State Employees (PPGG, Part W)

The Enacted Budget includes a provision to provide an optional payment election to newly hired state employees will be available to employees upon hire, which would replicate an employee's wage and would be issued prior to their normally scheduled paycheck under the lag payroll process.

Lower the Minimum Hiring Age for Correction Officers (PPGG, Part ZZ)

The Enacted Budget will provide for the hiring of 18-year-old correction officers if the Commissioner reports a staffing capacity of 90 percent or more and with certain restrictions, conditions.

Authorizes the DOCCS to Close Up to Three Facilities (PPGG, Part BBB)

The Enacted Budget authorizes the Governor to close up to three correctional facilities of the department of corrections and community supervision, in the state fiscal year 2025-26, “as the governor determines to be necessary for the cost-effective and efficient operation of the correctional system.” The Governor must provide at least 90 days’ notice prior to any such closures to Legislature and such notice must include the list of facilities the Governor plans to close, the number of incarcerated individuals in said facilities, and the number of staff working in said facilities.

Create Safer Workplaces for Survivors of Gender-Based Violence (PPGG, Part J)

The Enacted Budget codifies Executive Order 17, requiring all New York State agencies and authorities to adopt workplace policies on gender-based violence, while also extending these requirements to state vendors and contractors. The Office for the Prevention of Domestic Violence (OPDV) will be required to develop and publish a model workplace policy on gender-based violence for state agencies and vendors.

Public Protection

Streamline and Clarify Discovery Requirements (ELFA, Part LL)

The Enacted Budget includes the following proposals related to Discovery Reform:

- Require courts to consider the prosecutor’s efforts as a whole and whether any missing material prejudiced the defense, preventing cases from being thrown out over insignificant mistakes
- Narrow the scope of the items that must be disclosed and cut out the need to seek certain materials that are irrelevant to the charges against the defendant, allowing prosecutors to better focus on gathering the evidence that really matters
- Allow prosecutors to move the case forward after they have exercised good faith and due diligence to obtain discoverable material and disclosed everything they have actually obtained, even if there are items they are waiting on
- Protect against manipulation of the speedy trial clock, requiring defense attorneys to bring challenges early in the case and confer with prosecutors to resolve issues and move cases forward quickly
- Streamline protections for sensitive witness information, both to protect witnesses and to facilitate a culture of witnesses feeling empowered to come forward.

Eliminate Outdated Barriers in Public Safety Recruitment (PPGG, Part C)

The Enacted Budget provides increases the hiring age for sworn members of the New York State Police from 35 years old to 43 years old and increases the mandatory retirement age from 60 to 63. The budget also removes the requirement that correction officers employed at state correctional facilities be New York State residents.

Removal of PFAS in Firefighting PPE (TED, Part SS)

The Enacted Budget includes a provision to phaseout (by 2028) the manufacture, sale, or distribution of firefighting personal protective equipment (PPE) that contains PFAS.

Establish the New York State Office of Gun Violence Prevention (PPGG, Part MM)

The Enacted Budget creates the New York State Office of Gun Violence Prevention, which will have the following duties and responsibilities:

- Identify funding opportunities and other resources available related to gun violence prevention and reduction, and increase public awareness of such funding opportunities
- Support efforts to improve the state's health and social service system capacity and capabilities to prevent and respond to gun violence including, but not limited to, state hospital-based violence prevention and intervention initiatives, in consultation with the department of health
- Coordinate and strengthen timely, accurate, and complete data collection and research regarding firearm-related injuries, fatalities, and incidents by focusing on surveillance, prevention, and intervention of gun violence statewide
- Increase public awareness of gun violence causes and consequences and gun violence prevention efforts through public education campaigns or other educational efforts.
- Collaborate with, facilitate, and assist local governments and not-for-profit organizations in the development of local programs, services, and interventions to prevent, reduce, and address gun violence
- Develop and implement a public awareness campaign by September 2025 to educate the public on the safe storage of firearms, rifles and shotguns and child access and prevention

NYPD Retirement Adjustments (PPGG, Part SS)

The Enacted Budget reduces the retirement age for Tier 3 members of the New York City Police to be the age when the officer completes 20 years of service.

DMNA Airport Fire Fighters Retirement Adjustments (PPGG, Part TT)

The Enacted Budget provides for firefighters employed by the Division of Military and Naval Affairs (DMNA) the ability to retire upon the completion of 25 years of creditable service.

FDNY Retirement Adjustments (PPGG, Part UU)

The Enacted Budget modifies the Ordinary Disability Retirement (ODR) eligibility for Tier 3 members of New York City Fire Department by removing the requirement of being eligible for primary Social Security disability benefits (SSDI).

NYPD Increased Pension Benefits (Part XX)

The Enacted Budget increases the salary used for determining pension benefits for Detectives, Sergeants, and Lieutenants who retire with at least 25 years of uniformed NYPD service and have worked at least three years in any such title.

PBA of New York State Retirement (PPGG, Part YY)

The Enacted Budget creates two new sections of the Retirement and Social Security Law for Regional State Park Police, DEC police, DEC forest rangers, and SUNY Police.

Expand Victim Support Services (PPGG, Part G)

The Enacted Budget expands support services for victims of financial abuse and homicide by increasing compensation for fraud victims; simplifying the definition of disabled victim; raising funeral reimbursement caps; expanding crime scene cleanup coverage; and removing barriers like the consideration of contributory conduct.

Improve Access to Public Assistance for Survivors of Gender-Based Violence (PPGG, Part I)

The Enacted Budget includes a provision to remove the credibility assessment for applicants who indicate safety concerns and allows a self-attestation of being a victim of domestic violence. This also clarifies the definition of “domestic violence advocacy groups.”

Evading Arrest by Concealment of Identity “Mask Ban” (ELFA, Part DD)

The Enacted Budget includes a new section of the penal law, “evading arrest by concealment of identity,” a class B misdemeanor. A person is guilty of evading arrest by concealment of identity when, in the course of committing a felony or class A misdemeanor, or in flight from such crimes, an individual is wearing a mask or facial covering with no legitimate purpose other than to prevent their identification, apprehension or arrest for such crime.

Extend Various Criminal Justice and Public Safety Programs That Would Otherwise Sunset (PPGG, Part A)

The Enacted Budget extends until September 1, 2027, various criminal justice programs including: psychological testing of correction officer candidates; expanding the geographic area of employment of certain police officers; determinate sentencing; work release programs and furloughs for incarcerated individuals; the earned eligibility program; substance abuse treatment for incarcerated individuals; alternatives to incarceration; armory rent; the ignition interlock program for individuals convicted of alcohol-related violations; electronic court appearances; the adult interstate compact; mandatory arrest in cases of domestic violence; protective measures for child witnesses; and allowing county District Attorneys in New York City to retain a portion of recoveries before the filing of an accusatory instrument with the remaining amount distributed equally between New York State and New York City.

Labor & Workforce

Increased Maximum Benefit Rate for Unemployment Insurance (ELFA, Part KK)

The Enacted Budget increases the Unemployment Insurance (UI) wage base, which determines the amount on which UI taxes are calculated, from its current annually adjusted 16% of the state's average annual wage, to 18% of the state's average annual wage (rounded up to the nearest \$100). The average annual wage will also be calculated using the four most recent quarters of published New York State quarterly census of employment and wages data.

The budget also increases the maximum weekly unemployment benefit amount from 48% of the average weekly wage to \$869 for 2025. In 2026, and every year thereafter, the maximum benefit will be 50% of the average weekly wage.

Decreasing the Suspension Period Applicable for Striking Workers Seeking Unemployment Insurance (ELFA, Part BB)

The Enacted Budget includes a provision which reduces, from two consecutive weeks to one week, the period during which the accumulation of unemployment benefit rights is suspended for a claimant who loses their employment due to strike or other industrial controversies, including concerted activity not authorized or sanctioned by the recognized or certified bargaining agent of the claimant, and other concerted activity conducted in violation of any existing collective bargaining agreement. in the establishment in which the claimant was employed.

Reduced Penalties for Failing to Comply with Frequency of Payments (ELFA, Part U)

The Enacted Budget amends the liquidated damages currently in place on employers that fail to timely pay wages as required by Labor Law Section 191 (frequency of payments for workers). The new law provides that a first violation will now be subject to damages of up to 100% of interest foregone by the manual worker as a result of wage payment every two weeks, instead of every week, as required by law; and for an employer that has been subject to one or more previous findings or orders for pay frequency violations after the effective date – liquidated damages. Importantly, these new damages would apply to claims arising after and those causes of action pending on the date this budget bill is signed into law by the Governor.

Expanded Enforcement Powers to Collect Lost Wages (ELFA, Part V)

The Enacted Budget amends Labor Law Sections 218(3) and 219 (3) to provide the Commissioner of DOL additional powers to enforce final non-appealable orders/decisions that impose penalties and wage payments upon employers for violations of Articles 6 (Payment of Wages), 19 (Minimum Wage) or 19-a (Minimum Wage for Farm Workers) of the Labor Law. While this amendment is contained within Article 7 of the Labor Law, which applies to all employers, Articles 6, 19 or 19-a of the Labor Law do not apply to public sector employers. Thus, this proposed amendment would not impact public employers.

The additional powers proposed in the amendment include the Commissioner's ability to issue warrants under its official seal directed to the Sheriff of any county in which real or personal property of the defaulting employer is found. Alternatively, the Commissioner may direct an officer or employee of the DOL to file a copy of such warrant with the county clerk in any county where such property is located.

It should be noted that the ability to obtain poundage and/or fees that are otherwise available to the Sheriff are not available to the Commissioner. The filing of the warrant may become a lien in the same manner as a warrant issued by the Sheriff.

Increased Child Labor Penalties In Relation to the Violations (ELFA, Part W)

The Enacted Budget amends Section 141 (civil penalties) of the Labor Law to substantially increase labor law civil penalties for violations related to child labor. The fines for a first-time violation would increase from \$1,000 to \$10,000, with second violations increasing from \$2,000 to a minimum fine of \$2,000 with a maximum fine of \$25,000, and third or subsequent violations increasing to at least \$10,000 with a maximum of \$55,000, which is an increase from the previous maximum of \$3,000.

The amendment also provides for imposition of tiered and substantially higher fines when the violation involves illegal employment during which a minor is seriously injured or dies. Currently, the penalty is treble of the maximum penalty but is not set with a range of \$3,000 to \$30,000 for a first violation, \$6,000 to \$75,000 for a second violation and \$30,000 to \$175,000 for a third or subsequent violation.

Digitizing Youth Working Papers (ELFA, Part X)

The Enacted Budget repeals Section 135, 137 and 139 of the Labor Law and adds a new Section 135 to update and digitize the process by which a minor applies for working papers or employment certificates.

The newly redrafted Labor Law Section 135 provides for the creation of a database for the employment of minors which shall be created by the DOL in consultation with the Department of Education. This shall be a confidential database and not accessible to the public. Employers will be required to register and provide information to the database upon the hiring of a minor. This registration and recordkeeping shall be performed prior to the start of employment. To that end, minors will be required to register with the database to obtain an employment certificate or permit.

The revision to Section 3215-a of the Education Law provides that any employment certificate issued under this provision must be issued electronically and maintained within the DOL database. In addition, this section grants the power to issue and revoke employment certificates to DOL, from the current NYC School Chancellor and other school superintendents. The bill allows for, but does not require, DOL to share the status of a student's certificate with the NYC School Chancellor or respective school superintendents.

Energy, Environment & Telecommunications

Promote Opportunity With Electric Readiness for Underdeveloped Properties (“POWER UP”) Program (Capital Projects, pg. 1137)

The Enacted Budget appropriates \$100 million for services and expenses, loans and grants related to the POWER UP Program. Funds appropriated are for, including but not limited to, the acquisition of real property, preparation of plans, design, construction, renovation, administration and other costs incidental thereto.

Energy Affordability Program Re-Appropriation (Aid to Localities, pg. 1317)

The Enacted Budget re-appropriates \$50 million to provide an energy affordability guarantee to participating low-income residential customers in the EmPower Plus Program administered by NYSERDA who electrify their homes in accordance with program standards required by the authority.

Sustainable Future Program –(Capital Projects, pg. 1224-1225)

The Enacted Budget appropriates \$1 billion for the Sustainable Future Program. For services and expenses of climate mitigation and adaptation projects including but not limited to: reducing greenhouse gas emissions and pollution; decarbonizing and retrofitting buildings; creating and utilizing renewable energy; advancing clean transportation initiatives; building, repairing, and maintaining thermal energy networks; for the design, construction, repair, or improvement of green infrastructure; and for purposes consistent with the general findings of the scoping plan prepared pursuant to section 75-0103 (“CLCPA”) of the environmental conservation law, subject to a plan approved by the director of the budget. Qualifying projects funded by this appropriation shall be subject to the same standards and provisions stated in section 224-f of the labor law and section 66-v of the public service law and *treated in the same manner as if funded from section 99-qq of the state finance law* (Cap-and-Invest Climate Action Fund).

The Enacted Budget provides for additional suballocations for these funds, including:

- Not less than \$450 million for greenhouse gas emissions reduction projects related to buildings, including:
 - Not less than \$50 million for qualifying capital expenditures of NYSERDA EmPower Plus program;
 - Not less than \$50 million for the Clean Green Schools program;
 - The purchase and installation of energy efficient equipment, including heat pumps at single family residences and multi-unit residential apartment buildings and residential premises owned as a residential cooperative apartment or condominium unit;
 - Not less than \$200 million for thermal energy network projects, including projects at public and state-owned buildings, including SUNY and CUNY;
 - Up to \$40 million for municipal thermal energy network projects funded with grants awarded directly to municipalities;
 - In support of qualifying emissions reductions programs administered by the division of housing and community renewal.
- Not less than \$250 million for zero emission transportation, including:
 - Up to \$100 million for the purchase or conversion of zero emission school buses, and supporting infrastructure pursuant to section 58-0703 of the environmental conservation law (Climate Change Mitigation programs);
 - Not less than \$50 million for electric vehicle fast charging stations and supporting infrastructure for municipal, commercial, medium duty, heavy duty, and fleet vehicles; and
 - Not less than \$50 million for NYSERDA’s Charge Ready NY Program;
- Not less than \$200 million for renewable energy projects, including: renewable energy generating projects undertaken pursuant to paragraph 27-a of section 1005 of public

authorities law (NYPA-owned renewables); municipal renewable energy projects; and grid connectivity; and,

- Up to \$100 million may be used for any of the above programs or purposes at the discretion of the Governor.

Incentivize Compliance with the “Call Before You Dig” Program (TED, Part YY)

The Enacted Budget amends General Business Law to increase civil penalties for failure to comply with what is colloquially known as the “Call Before You Dig” program. Civil penalties for a first violation would be increased from \$2,500 to \$4,375 and potential penalties for each succeeding violation that occurs within a 12-month period would be increased from \$10,000 to \$17,500. The proposal would also amend the law to direct these penalties to the Environmental Protection Fund (“EPF”), beginning October 1, 2025.

Tax Disclosure for Climate Leadership and Community Protection Act Implementation – (TED, Part ZZ)

The Enacted Budget amends the Tax Law to authorize the Department of Taxation and Finance (“DTF”) to disclose certain data from the returns of petroleum or fossil fuel businesses to the DEC or NYSERDA to implement programs to be created pursuant to the Climate Leadership and Community Protection Act (“CLCPA”) and the New York State Climate Change Superfund Act.

Hazardous Waste Superfund Reauthorization (TED, Part RR)

The Enacted Budget includes a heavily amended version of the Executive proposal to reauthorize the Inactive Hazardous Waste Disposal Program until March 31, 2036, and include changes to accelerate site remediation and enable site redevelopment. The bill would also increase the amount of bonds that may be issued to finance the program, from \$2.2 billion to \$3.45 billion.

Key provisions include the following:

County Responsibilities (Section 2)

- Counties must annually survey and report suspected inactive hazardous waste disposal sites, consulting with local jurisdictions.
- Counties review and update registry information by September 1 each year.
- Cooperation with local and state agencies is required, without reducing their authority.

Registry and Prioritization (Section 3)

- The Department of Environmental Conservation (DEC) maintains a public registry of inactive hazardous waste sites, accessible online and at regional/county offices.
- Registry includes site details (e.g., boundaries, proximity to residences, disadvantaged community status).
- Sites are classified (e.g., imminent danger, significant threat) and prioritized, with emphasis on disadvantaged communities.
- DEC notifies local officials and water suppliers of newly identified sites and updates the registry annually by January 1.
- Public notice and hearings are required for site deletions or modifications.

Remedial Programs and Liability (Section 4)

- DEC can implement remedial programs for significant environmental threats when responsible parties are unidentified or uncooperative, prioritizing disadvantaged communities.
- DEC must seek relief (e.g., response costs, natural resource damages) from responsible parties.
- Funds for remediation come from the Hazardous Waste Remedial Fund, including costs for inspections and sampling.

Municipal Exemptions (Section 5)

- Municipalities are exempt from liability if they involuntarily acquire sites, operate airports/fire training sites using PFAS foam, or manage permitted landfills, unless they intentionally or negligently caused hazardous waste releases.
- Exemptions do not apply if municipalities actively contributed to hazardous waste disposal.

Bona Fide Prospective Purchaser (Section 6)

- Defines protections for buyers/lessees acquiring sites after October 7, 2003, who meet criteria (e.g., no prior disposal, appropriate inquiries, cooperation with remediation).
- Exempts them from liability if they do not impede response actions.

Financial Responsibility (Section 7)

- DEC to regulate financial responsibility mechanisms (e.g., insurance, bonds) for remedial programs.
- Guarantors may be liable if responsible parties are bankrupt or unreachable, with liability limited to the guaranteed amount.

Cost and Damage Recovery (Section 8)

- Responsible parties are strictly, jointly, and severally liable for response costs and natural resource damages.
- DEC prioritizes recovery at high-risk sites in disadvantaged communities.
- Natural resource damage assessments have rebuttable presumption status in court.
- Environmental liens secure unpaid response costs/damages, filed with county clerks.
- Funds recovered are deposited into the Hazardous Waste Remedial Fund (response costs) or Natural Resource Damages Fund (damages).
- Windfall liens apply to bona fide prospective purchasers if response actions increase property value, limited to the value increase or unrecovered costs.
- Contribution claims and settlements are governed by state law, with a 3-year statute of limitations for new actions post-2025.

Abatement Actions (Section 9)

- DEC can issue orders to abate imminent dangers from hazardous waste sites, with responsible parties given a chance to contest liability.
- Non-compliance fines up to \$37,500/day.
- Compliant parties can seek reimbursement from the Hazardous Waste Remedial Fund if not liable, with judicial review for denied claims.

Community Participation (Section 10)

- DEC must create community participation plans for remedial programs, emphasizing disadvantaged communities.
- Plans include public notice, document repositories (physical and online), and opportunities for community input.
- Plans are tailored to site-specific needs and updated during remediation.

Penalties (Section 11)

- Civil penalties increased to \$65,000 (first violation) and \$125,000 (subsequent violations) per violation, plus daily penalties.
- Criminal penalties raised to \$65,000/day (first offense) and \$125,000/day (subsequent), with up to 1-2 years' imprisonment.

Funding (Section 12)

- Hazardous Waste Remedial Fund includes accounts for site investigation, cleanup, and oversight.
- Funds are only used if voluntary agreements with responsible parties fail, except in emergencies.

Bond Authorization (Section 13)

- Increases bond cap for hazardous waste site remediation to \$3.45 billion, with no new appropriations after March 31, 2036.

PFAS Remediation (Section 14)

- DEC to update groundwater/soil cleanup objectives within 2 years of the Department of Health setting PFAS maximum contaminant levels.
- By January 1, 2027, DEC to issue interim PFAS testing guidance.

Clean Water Infrastructure

The Enacted Budget includes \$500 million in clean water infrastructure funding, for drinking water and wastewater infrastructure, and water quality protection.

Environmental Protection Fund

\$400 million is proposed for the Environmental Protection Fund (EPF), which provides funding for environmental programs such as land acquisition, farmland protection, invasive species prevention and eradication, enhanced recreational access, water quality improvement, and environmental justice.

Federal Capitalization Grants/Clean Water State Revolving Fund (Capital Projects, p. 188)

\$471 million in federal appropriations is included in the Enacted Budget to allow DEC to accept funds from federal infrastructure legislation. These funds are dedicated specifically to the Clean Water State Revolving Fund.

New York Works (Capital Projects, p. 148)

\$90 million is appropriated for the New York Works statewide capital infrastructure program. New York Works funding is used to improve access to State lands, rehabilitate campgrounds, a repair and rehabilitate dams, and upgrade DEC recreational facilities. Funding is also used for air monitoring infrastructure, remediating environmental contamination information technology, and repairs and maintenance of state infrastructure, state lands, and fish hatcheries.

Waste Tire Management and Recycling Fee (TED, Part PP)

The Enacted Budget extends the current “Waste Tire Management and Recycling Fee” for two years (to December 31, 2027). The enacted budget removes an exemption for mail order tire sales from the current fee and requires out-of-state sellers to collect sales tax on new tires that are delivered in New York.

Interoperable Communications Program (Aid to Localities, pg. 1094)

The Enacted Budget appropriates a total of \$85 million for the Interoperable Communications Program, including:

- \$65 million for the development, consolidation or operation of public safety communications systems or networks designed to support statewide interoperable communications for first responders.
- \$10 million for the provision of grants to counties for costs related to the operations of public safety dispatch centers.
- \$10 million for services and expenses related to the creation and operation of a fiberoptic cable-based network for public safety answering point centers.

Statewide Standard for Distraction Free Learning (ELFA, Part C)

The Enacted Budget requires every school district, charter school and BOCES to adopt a written policy prohibiting students from using internet-enabled devices on school grounds during the school day, no later than August 1, 2025. Prior to adopting the policy, local stakeholders must be consulted, including employee labor unions for each bargaining unit in the school building, parents and students. The policy must be clearly visible and accessible on their website and available for translation in the 12 most common non-English languages upon request.