

STATE OF NEW YORK

4196

2025-2026 Regular Sessions

IN SENATE

February 3, 2025

Introduced by Sen. GOUNARDES -- read twice and ordered printed, and when printed to be committed to the Committee on Budget and Revenue

AN ACT to amend the tax law, the vehicle and traffic law and the state finance law, in relation to a highway use tax for fuel-efficient vehicles; and to repeal certain provisions of the state finance law relating to the dedicated highway and bridge trust fund

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. The tax law is amended by adding a new article 21-B to
2 read as follows:

ARTICLE 21-B

HIGHWAY USE TAX FOR FUEL-EFFICIENT VEHICLES

Section 530. Definitions.

6 531. Creation of highway use tax for covered vehicles.

7 532. Collection of tax.

8 533. Data privacy.

9 534. Reimbursements for gas tax.

10 535. Penalties, interest, and tax fraud acts.

11 536. Disposition of revenues.

12 537. Annual report.

13 § 530. Definitions. As used in this article, the following terms shall
14 have the following meanings:

15 1. "Covered vehicle" shall mean a motor vehicle, as defined in section
16 one hundred twenty-five of the vehicle and traffic law, that receives an
17 average fuel economy rating of at least thirty miles per gallon or miles
18 per gallon equivalent.

19 2. "Global positioning system" or "GPS" shall mean a location tracking
20 technology that uses navigational satellites to determine a user's

EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[-] is old law to be omitted.

LBD07752-02-5

1 location and velocity in real time and is capable of collecting, stor-
2 ing, and transmitting geographical data.

3 3. "Miles per gallon" shall refer to the measure of distance that a
4 covered vehicle running on gasoline or diesel fuel can travel per gallon
5 of such fuel as rated by the environmental protection agency.

6 4. "Miles per gallon gasoline equivalent" shall refer to the measure
7 of distance that a covered vehicle running on non-liquid fuels can trav-
8 el per unit of energy as rated by the environmental protection agency.

9 5. "Motor fuel" shall mean the same as defined in subdivision two of
10 section two hundred eighty-two of this chapter.

11 6. "On-board unit" shall mean an electronic device installed in a
12 covered vehicle that records traffic and driving data and can connect to
13 roadside and satellite navigation systems.

14 7. "Public highway" shall mean any public highway, street, avenue,
15 road, public place, public driveway, or any other public way in this
16 state.

17 § 531. Creation of highway use tax for covered vehicles. 1. There is
18 hereby created a highway use tax for covered vehicles for the privilege
19 of operating a covered vehicle upon the public highways of this state
20 and for the purpose of recompensing the state for the public expendi-
21 tures incurred by reason of the operations of such covered vehicle on
22 such public highways. The tax shall be levied upon the owner of a
23 covered vehicle for miles driven on public highways.

24 2. The amount of highway use tax owed shall be equal to the number of
25 vehicle miles traveled, as reported by the on-board unit, times a tax
26 rate of 1.9 cents per mile.

27 § 532. Collection of tax. The highway use tax for covered vehicles
28 shall be collected as follows:

29 1. An on-board unit shall be installed in every covered vehicle at the
30 point of such vehicle's registration, reregistration, or renewal pursu-
31 ant to section four hundred one of the vehicle and traffic law. The
32 on-board unit shall transmit to the department the number of vehicle
33 miles traveled on public highways on a regular basis for the purposes of
34 calculating the amount of highway use tax owed by the owner of the
35 covered vehicle.

36 2. Owners of a covered vehicle under this article shall be required to
37 file a return for the highway use tax no less than four times throughout
38 the year, on or before the last day of the calendar month following each
39 of the calendar quarters: January through March, April through June,
40 July through September, and October through December, provided, however,
41 that owners may file such returns on a more frequent basis through the
42 creation of a prepaid account or any other method prescribed by the
43 commissioner.

44 § 533. Data privacy. The commissioner shall promulgate regulations to
45 ensure the privacy and integrity of all data collected from covered
46 vehicles and vehicle owners under this article, provided that:

47 1. The on-board units, as defined in this article, shall be programmed
48 to track mileage on public highways in this state using a GPS system or
49 other comparable technology, but shall not report exact location coordi-
50 nates, times of travel, trip data, or any other geographic information
51 about the use of a covered vehicle to the department. Such on-board
52 units shall report mileage as an aggregate number for a given time peri-
53 od as prescribed by the commissioner.

54 2. The department shall be subject to the requirements of article
55 six-A of the public officers law when implementing any and all
56 provisions of this article.

1 § 534. Reimbursements for gas tax. The commissioner shall create a
2 system by which the owner of a covered vehicle may, electronically or
3 otherwise, submit a record of payment for motor fuel in this state. Such
4 commissioner shall then determine the portion of such payment attribut-
5 able to the fuel taxes described in this chapter which are levied upon
6 the purchase of such motor fuel and shall apply such portion as a credit
7 against the amount of highway use tax owed, provided, however, that if
8 the amount of the credit shall exceed the amount of tax owed, no refund
9 shall be issued thereof.

10 § 535. Penalties, interest, and tax fraud acts. 1. Any person failing
11 to file a return or to pay any tax within the time required by or pursu-
12 ant to this article shall be subject to the penalties prescribed in
13 section five hundred twelve of this chapter, excepting, however, such
14 failures which are due to reasonable cause and not willful neglect as
15 determined by the commissioner and described in such section.

16 2. Any person committing a tax fraud act shall be subject to the
17 penalties prescribed in sections eighteen hundred one, eighteen hundred
18 two, eighteen hundred three, eighteen hundred four, eighteen hundred
19 five, eighteen hundred six and eighteen hundred seven of this chapter.
20 "Tax fraud act" as used in this subdivision shall include any inten-
21 tional frustration of the provisions of this article including, but not
22 limited to, tampering with, replacing, or disconnecting an on-board unit
23 with the intent to defraud.

24 § 536. Disposition of revenues. All taxes, interest, penalties, and
25 fees collected or received pursuant to this article shall be deposited
26 daily in one account with such responsible banks, banking houses, or
27 trust companies as may be designated by the comptroller, and to the
28 credit of the comptroller on account of the dedicated highway and bridge
29 trust fund established pursuant to section eighty-nine-b of the state
30 finance law. Such an account may be established in one or more of such
31 depositories and such deposits shall be kept separate and apart from all
32 other moneys in the possession of the comptroller. The comptroller shall
33 require adequate security from all such depositories.

34 § 537. Annual report. No later than one year after the effective date
35 of this section, and each year thereafter, the commissioner shall deliv-
36 er an annual report to the legislature containing:

37 1. Recommended changes, if any, to the tax rate established in subdivi-
38 vision two of section five hundred thirty-one of this article;

39 2. Recommended changes, if any, to the miles per gallon or miles per
40 gallon equivalent threshold for covered vehicles to which this article
41 applies;

42 3. The total number of covered vehicles in this state which are
43 subject to the provisions of this article;

44 4. The total amount of mileage recorded and reported for purposes of
45 this article on public highways in this state; and

46 5. The total amount of annual revenues collected under this article.

47 § 2. Subparagraph (a) of paragraph 1 of subdivision (c) of section 301
48 of the vehicle and traffic law, as amended by chapter 444 of the laws of
49 2016, is amended to read as follows:

50 (a) A safety inspection shall be made with respect to the brakes;
51 steering mechanism; wheel alignment; lights, including but not limited
52 to the lights which are designed and placed on a vehicle for the purpose
53 of illuminating the vehicle's license plates; odometer; tire pressure;
54 seat safety belts; shoulder harness safety belts; any window which is
55 composed of, covered by or treated with any material which has a light
56 transmittance of less than seventy percent pursuant to section three

1 hundred seventy-five of this title, an on-board unit for covered vehi-
2 cles, as such terms are defined in section five hundred thirty of the
3 tax law, and such other mechanisms and equipment as shall be determined
4 by the commissioner to be necessary for proper and safe operations. Such
5 inspection shall also be made with respect to vehicle identification
6 number. Upon inspection, the mileage appearing on the odometer shall be
7 recorded upon the inspection sticker. For covered vehicles, as defined
8 in section five hundred thirty of the tax law, both the mileage appear-
9 ing on the odometer and the mileage recorded by an on-board unit shall
10 be recorded and transmitted to the commissioner, in a manner and form
11 prescribed by the commissioner.

12 § 3. Section 375 of the vehicle and traffic law is amended by adding a
13 new subdivision 58 to read as follows:

14 58. Every covered motor vehicle subject to the provisions of article
15 twenty-one-B of the tax law registered in this state shall be equipped
16 with an on-board unit, as defined in section five hundred thirty of the
17 tax law. Such on-board unit shall be programmed to track mileage on
18 public highways in this state using a GPS system or other comparable
19 technology, but shall not report exact location coordinates, times of
20 travel, trip data, or any other geographic information about the use of
21 a covered vehicle to the tax department.

22 § 4. Paragraph (a) of subdivision 3 of section 89-b of the state
23 finance law, as amended by section 4 of chapter 368 of the laws of 2019,
24 is amended to read as follows:

25 (a) The special obligation reserve and payment account shall consist
26 (i) of all moneys required to be deposited in the dedicated highway and
27 bridge trust fund pursuant to the provisions of sections two hundred
28 five, two hundred eighty-nine-e, three hundred one-j, five hundred
29 fifteen, five hundred thirty-six and eleven hundred sixty-seven of the
30 tax law, section four hundred one and article twelve-d of the vehicle
31 and traffic law, and section thirty-one of chapter fifty-six of the laws
32 of nineteen hundred ninety-three, (ii) all fees, fines or penalties
33 collected by the commissioner of transportation and the commissioner of
34 motor vehicles pursuant to section fifty-two, section three hundred
35 twenty-six, section eighty-eight of the highway law, subdivision fifteen
36 of section three hundred eighty-five of the vehicle and traffic law,
37 section two of part U1 of chapter sixty-two of the laws of two thousand
38 three, subdivision (d) of section three hundred four-a, paragraph one of
39 subdivision (a) and subdivision (d) of section three hundred five,
40 subdivision six-a of section four hundred fifteen and subdivision (g) of
41 section twenty-one hundred twenty-five of the vehicle and traffic law,
42 section fifteen of this chapter, excepting moneys deposited with the
43 state on account of betterments performed pursuant to subdivision twen-
44 ty-seven or subdivision thirty-five of section ten of the highway law,
45 and section one hundred forty-five of the transportation law, (iii) any
46 moneys collected by the department of transportation for services
47 provided pursuant to agreements entered into in accordance with section
48 ninety-nine-r of the general municipal law, and (iv) any other moneys
49 collected therefor or credited or transferred thereto from any other
50 fund, account or source.

51 § 5. Paragraph (a) of subdivision 3 of section 89-b of the state
52 finance law, as amended by section 5 of chapter 368 of the laws of 2019,
53 is amended to read as follows:

54 (a) The special obligation reserve and payment account shall consist
55 (i) of all moneys required to be deposited in the dedicated highway and
56 bridge trust fund pursuant to the provisions of sections two hundred

1 eighty-nine-e, three hundred one-j, five hundred fifteen, five hundred
2 thirty-six and eleven hundred sixty-seven of the tax law, section four
3 hundred one and article twelve-d of the vehicle and traffic law, and
4 section thirty-one of chapter fifty-six of the laws of nineteen hundred
5 ninety-three, (ii) all fees, fines or penalties collected by the commis-
6 sioner of transportation and the commissioner of motor vehicles pursuant
7 to section fifty-two, section three hundred twenty-six, section eighty-
8 eight of the highway law, subdivision fifteen of section three hundred
9 eighty-five of the vehicle and traffic law, section fifteen of this
10 chapter, excepting moneys deposited with the state on account of better-
11 ments performed pursuant to subdivision twenty-seven or subdivision
12 thirty-five of section ten of the highway law, and section one hundred
13 forty-five of the transportation law, (iii) any moneys collected by the
14 department of transportation for services provided pursuant to agree-
15 ments entered into in accordance with section ninety-nine-r of the
16 general municipal law, and (iv) any other moneys collected therefor or
17 credited or transferred thereto from any other fund, account or source.

18 § 6. Paragraph (a) of subdivision 3 of section 89-b of the state
19 finance law, as amended by section 8 of part UU of chapter 59 of the
20 laws of 2018, is REPEALED.

21 § 7. This act shall take effect on the ninetieth day after it shall
22 have become a law and shall apply to all covered vehicles registered or
23 reregistered on or after such effective date; provided, however, that
24 the amendments to paragraph (a) of subdivision 3 of section 89-b of the
25 state finance law, made by section four of this act, shall be subject to
26 the expiration and reversion of such paragraph pursuant to section 6 of
27 chapter 368 of the laws of 2019, as amended, when upon such date the
28 provisions of section five of this act shall take effect. Effective
29 immediately, the addition, amendment and/or repeal of any rule or regu-
30 lation necessary for the implementation of this act on its effective
31 date are authorized to be made and completed on or before such effective
32 date.