

STATE OF NEW YORK

5412

2025-2026 Regular Sessions

IN SENATE

February 21, 2025

Introduced by Sen. LANZA -- read twice and ordered printed, and when printed to be committed to the Committee on Cities 1

AN ACT to amend the general municipal law and the municipal home rule law, in relation to establishing limitations upon real property tax levies in cities with a population of one million or more

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

1 Section 1. The general municipal law is amended by adding a new
2 section 3-d to read as follows:

3 § 3-d. Limitation upon real property tax levies by cities having a
4 population of one million or more. 1. Unless otherwise provided by law,
5 the amount of real property taxes that may be levied by or on behalf of
6 any city having a population of one million or more shall not exceed the
7 tax levy limitation established pursuant to this section.

8 2. When used in this section:

9 (a) "Allowable levy growth factor" shall be the lesser of: (i) one and
10 two one-hundredths; or (ii) the sum of one plus the inflation factor;
11 provided, however, that in no case shall the levy growth factor be less
12 than one.

13 (b) "Approved capital expenditures" means the expenditures associated
14 with capital projects that have been approved by the qualified voters of
15 the local government.

16 (c) "Available carryover" means the sum of the amount by which the tax
17 levy for the prior fiscal year was below the tax levy limit for such
18 fiscal year, if any, but no more than one and one-half percent of the
19 tax levy limit for such fiscal year.

20 (d) "Capital tax levy" means the tax levy necessary to support capital
21 expenditures, if any.

22 (e) "Coming fiscal year" means the fiscal year of the local government
23 for which a tax levy limitation shall be determined pursuant to this
24 section.

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

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1 (f) "Inflation factor" means the quotient of: (i) the average of the
2 national consumer price indexes determined by the United States depart-
3 ment of labor for the twelve-month period ending six months prior to the
4 start of the coming fiscal year minus the average of the national
5 consumer price indexes determined by the United States department of
6 labor for the twelve-month period ending six months prior to the start
7 of the prior fiscal year, divided by: (ii) the average of the national
8 consumer price indexes determined by the United States department of
9 labor for the twelve-month period ending six months prior to the start
10 of the prior fiscal year, with the result expressed as a decimal to four
11 places.

12 (g) "Local government" means a city having a population of one million
13 or more.

14 (h) "Prior fiscal year" means the fiscal year of the local government
15 immediately preceding the coming fiscal year.

16 (i) "Tax levy limitation" means the amount of taxes a local government
17 is authorized to levy pursuant to this section, provided, however, that
18 the tax levy limit shall not include the local government's approved
19 capital tax levy, if any.

20 3. (a) Beginning with the fiscal year that begins in two thousand
21 twenty-six, no local government shall adopt a budget that requires a tax
22 levy that is greater than the tax levy limitation for the coming fiscal
23 year.

24 (b) The state comptroller shall calculate the tax levy limitation for
25 each local government by the one hundred twentieth day preceding the
26 commencement of each local government's fiscal year, and shall notify
27 each local government of the tax levy limitation so determined.

28 (c) The tax levy limitation applicable to the coming fiscal year shall
29 be determined as follows:

30 (i) Ascertain the total amount of taxes levied for the prior fiscal
31 year.

32 (ii) Add any payments in lieu of taxes that were receivable in the
33 prior fiscal year.

34 (iii) Subtract the approved capital tax levy for the prior fiscal
35 year, if any.

36 (iv) Subtract the levy attributable to a large legal settlement of a
37 tort action excluded from the levy limitation in the prior fiscal year,
38 if any.

39 (v) Multiply the result by the allowable levy growth factor.

40 (vi) Subtract any payments in lieu of taxes receivable in the coming
41 fiscal year.

42 (vii) Add the available carryover, if any.

43 (d) In the event the city council of a local government has approved a
44 legal settlement of a tort action against the government, the annual
45 costs of which exceed ten percent of the property taxes levied by the
46 local government in the prior fiscal year, the state comptroller, upon
47 application by the local government, may adjust the tax levy limitation
48 for the coming fiscal year applicable to such local government, by
49 adding the annual costs of such settlement to the tax levy limitation.

50 (e) The state comptroller shall determine the portion of the tax levy
51 of each local government that is attributable to any increase or
52 decrease over the prior year in the cost of the local government share
53 of direct cash assistance to persons eligible for the federal-state-lo-
54 cal temporary assistance to needy families program or the state-local
55 safety net assistance program and shall adjust the tax levy limitation
56 for such local government to reflect such change.

1 4. A local government may adopt a budget that requires a tax levy that
2 is greater than the tax levy limitation for the coming fiscal year only
3 if the city council of such local government first enacts, by a two-
4 thirds vote of the total voting power of such city council, a local law
5 to override such limitation for such coming fiscal year only.

6 5. In the event a local government's actual tax levy for a given
7 fiscal year exceeds the maximum allowable levy as established pursuant
8 to this section due to clerical or technical errors, the local govern-
9 ment shall place the excess amount of the levy in reserve in accordance
10 with such requirements as the state comptroller may prescribe, and shall
11 use such funds and any interest earned thereon to offset the tax levy
12 for the ensuing fiscal year.

13 § 2. Paragraphs j and k of subdivision 2 of section 23 of the municipi-
14 pal home rule law are relettered paragraphs k and l and a new paragraph
15 j is added to read as follows:

16 j. Overrides the tax levy limitation applicable for the coming fiscal
17 year in accordance with section three-d of the general municipal law.

18 § 3. This act shall take effect immediately and shall first apply to
19 the levy of taxes by local governments for the fiscal year that begins
20 in 2026.