

STATE OF NEW YORK

10575

IN ASSEMBLY

March 13, 2026

Introduced by M. of A. HYNDMAN -- read once and referred to the Committee on Ways and Means

AN ACT to amend the tax law, in relation to creating the middle class circuit breaker tax credit; and creating a tax reform study commission

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

1 Section 1. Section 606 of the tax law is amended by adding a new
2 subsection (bbb) to read as follows:

3 (bbb) Middle class circuit breaker credit. (1) Definitions. For the
4 purposes of this subsection:

5 (A) "Qualified taxpayer" means a resident individual of the state who
6 owns or rents the residential real property in which the individual
7 resides, and has resided in such residential real property for not less
8 than five years.

9 (B) "Household" or "members of the household" means a qualified
10 taxpayer or qualified taxpayers and all other persons, not necessarily
11 related, who all reside in the residential real property owned by the
12 taxpayer or taxpayers, and share its furnishings, facilities and accom-
13 modations; provided that no person may be a member of more than one
14 household at one time.

15 (C) "Household gross income" means the aggregate adjusted gross income
16 of all members of the household for the taxable year as reported for
17 federal income tax purposes, or which would be reported as adjusted
18 gross income if a federal income tax return were required to be filed,
19 with the modifications in subsection (b) of section six hundred twelve
20 of this article but without the modifications in subsection (c) of such
21 section, plus any portion of the gain from the sale or exchange of prop-
22 erty otherwise excluded from such amount; earned income from sources
23 without the United States excludable from federal gross income by
24 section nine hundred eleven of the internal revenue code; support money
25 not included in adjusted gross income; nontaxable strike benefits;
26 supplemental security income payments; the gross amount of any pension
27 or annuity benefits to the extent not included in such adjusted gross
28 income (including, but not limited to, railroad retirement benefits and

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

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1 all payments received under the federal social security act and veter-
2 ans' disability pensions); nontaxable interest received from the state
3 of New York, its agencies, instrumentalities, public corporations, or
4 political subdivisions (including a public corporation created pursuant
5 to agreement or compact with another state or Canada); workers' compen-
6 sation; the gross amount of "loss-of-time" insurance; and the amount of
7 cash public assistance and relief, other than medical assistance for the
8 needy, paid to or for the benefit of the qualified taxpayer or members
9 of the taxpayer's household. Household gross income shall not include
10 surplus foods or other relief in kind or payments made to individuals
11 because of their status as victims of Nazi persecution as defined in
12 public law 103-286 or any disability compensation received by veterans
13 on account of injury or illness incurred or aggravated during military
14 service in the wars in Afghanistan and Iraq since September eleventh,
15 two thousand one. Provided, further, household gross income shall only
16 include all such income received by all members of the household while
17 members of such household.

18 (D) "Adjusted rent" means rent paid for the right of occupancy of a
19 residence.

20 (E) "Real property tax equivalent" means (i) for taxable years begin-
21 ning in two thousand twenty-eight, fifteen percent of the adjusted rent
22 actually paid in the taxable year by a household solely for the right of
23 occupancy of its New York residence for the taxable year. If (I) a resi-
24 dence is rented to two or more individuals as cotenants, or such indi-
25 viduals share in the payment of a single rent for the right of occupancy
26 of such residence, and (II) each of such individuals is a member of a
27 different household, one or more of which individuals shares such resi-
28 dence, real property tax equivalent is that portion of fifteen percent
29 of the adjusted rent paid in the taxable year which reflects that
30 portion of the rent attributable to the qualified taxpayer and the
31 members of the taxpayer's household; and (ii) for taxable years begin-
32 ning in two thousand twenty-eight and thereafter, twenty percent of the
33 adjusted rent actually paid in the taxable year by a household solely
34 for the right of occupancy of its New York residence for the taxable
35 year. If (I) a residence is rented to two or more individuals as coten-
36 ants, or such individuals share in the payment of a single rent for the
37 right of occupancy of such residence, and (II) each of such individuals
38 is a member of a different household, one or more of which individuals
39 shares such residence, real property tax equivalent is that portion of
40 twenty percent of the adjusted rent paid in the taxable year which
41 reflects that portion of the rent attributable to the qualified taxpayer
42 and the members of the taxpayer's household.

43 (F) "Net real property tax" means the real property taxes assessed on
44 the residential real property owned and occupied by the taxpayer or
45 taxpayers after any exemption or abatement received pursuant to the real
46 property tax law.

47 (2) Credit. A qualified taxpayer shall be allowed a credit against the
48 taxes imposed by this article, equal to seventy percent of the amount by
49 which the taxpayer's net real property tax or the taxpayer's real prop-
50 erty tax equivalent exceeds the taxpayer's maximum real property tax, as
51 determined by paragraph three of this subsection. If such credit exceeds
52 the tax for such taxable year, as reduced by the other credits permitted
53 by this article, the qualified taxpayer may receive, and the comp-
54 troller, subject to a certificate of the department, shall pay as an
55 overpayment, without interest, any excess between such tax as so reduced
56 and the amount of the credit. If a qualified taxpayer is not required to

file a return pursuant to section six hundred fifty-one of this article, a qualified taxpayer may nevertheless receive and the comptroller, subject to a certificate of the department, shall pay as an overpayment the full amount of the credit, without interest.

(3) Maximum real property tax. (A) A qualified taxpayer's maximum real property tax shall be determined as follows:

(i) For tax years beginning in two thousand twenty-eight:

<u>Household gross income</u>	<u>Maximum real property tax</u>
<u>One hundred thousand dollars or less</u>	<u>Nine percent of the household gross income</u>
<u>More than one hundred thousand dollars</u>	<u>No limitation.</u>

(ii) For tax years beginning in two thousand twenty-nine:

<u>Household gross income</u>	<u>Maximum real property tax</u>
<u>One hundred thousand dollars or less</u>	<u>Eight and one-half percent of the household gross income</u>
<u>More than one hundred thousand dollars</u>	<u>No limitation.</u>

(iii) For tax years beginning in two thousand thirty:

<u>Household gross income</u>	<u>Maximum real property tax</u>
<u>One hundred thousand dollars or less</u>	<u>Seven and one-half percent of household gross income</u>
<u>More than one hundred thousand dollars, but less than or equal to one hundred fifty thousand dollars</u>	<u>Seven and one-half percent of one hundred thousand dollars plus eight and one-half percent of household gross income above one hundred thousand dollars</u>
<u>More than one hundred fifty thousand dollars</u>	<u>No limitation.</u>

(iv) For tax years beginning in two thousand thirty-one and thereafter:

<u>Household gross income</u>	<u>Maximum real property tax</u>
<u>One hundred thousand dollars or less</u>	<u>Six percent of household gross income</u>
<u>More than one hundred thousand dollars, but less than or equal to one hundred fifty thousand dollars</u>	<u>Six percent of one hundred thousand dollars plus seven percent of household gross income above one hundred thousand dollars</u>
<u>More than one hundred fifty thousand dollars, but less than or equal to two hundred fifty thousand dollars</u>	<u>Six percent of one hundred thousand dollars plus seven percent of fifty thousand dollars plus eight and one-half percent of household gross income above one hundred fifty thousand dollars</u>
<u>More than two hundred fifty thousand dollars</u>	<u>No limitation.</u>

(B) The thresholds of household gross income established by clause (iv) of subparagraph (A) of this paragraph shall be indexed for inflation for tax years beginning in two thousand thirty-two and thereafter.

(4) Exclusions from eligibility. No credit shall be granted under this subsection if the qualified taxpayer claims the real property tax

1 circuit breaker credit, pursuant to subsection (e) of this section,
2 during the taxable year.

3 § 2. There is hereby established a tax reform study commission to
4 provide the governor and the legislature with a long run plan for
5 reforming the state and local tax systems. The tax reform study commis-
6 sion shall consist of five members appointed by the governor, four
7 members each appointed by the speaker of the assembly and the temporary
8 president of the senate, and one member each appointed by the minority
9 leader of the senate and the minority leader of the assembly. In addi-
10 tion, on or before January 1, 2030, the tax reform study commission
11 shall provide the governor and the legislature with recommendations on
12 any changes that should be made in the definitions of income used in the
13 various property tax relief programs authorized by the laws of the state
14 of New York. Such recommendations shall be based on an examination of
15 such laws and of such laws in other states. In preparing such recommen-
16 dations, the tax reform study commission shall review the distributional
17 impact of the items of income included in the definition of household
18 income for purposes of the circuit breaker and other property tax relief
19 programs established by state law and make recommendations to the gover-
20 nor and the legislature for any changes in any of these definitions that
21 the tax reform study commission deems appropriate. The commissioner of
22 taxation and finance and the director of the office of real property
23 services shall provide the tax reform study commission with such data
24 and analysis as it may require.

25 § 3. This act shall take effect immediately.