STATE OF NEW YORK

10777

IN ASSEMBLY

April 1, 2026

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

AN ACT to amend the tax law, in relation to the limitation on the pass-through entity tax credit and the city pass-through entity tax credit

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

Section 1. Subsection (b) of section 863 of the tax law, as added by section 1 of part C of chapter 59 of the laws of 2021, is amended to read as follows:

(b) Limitation on credit. The aggregate amount of credits claimed by all partners, members or shareholders of an electing partnership or electing S corporation pursuant to subsection (a) of this section shall not exceed **eighty-seven percent of** the tax due under subsection (a) of section eight hundred sixty-two of this article from such electing partnership or electing S corporation for the taxable year.

§ 2. Subsection (b) of section 870 of the tax law, as added by section 1 of subpart B of part MM of chapter 59 of the laws of 2022, is amended to read as follows:

(b) Limitation on credit. The aggregate amount of credits claimed by all partners, members or shareholders of an electing city partnership or an electing city resident S corporation pursuant to subsection (a) of this section shall not exceed **eighty-seven percent of** the tax due under section eight hundred sixty-nine of this article from such electing city partnership or electing city resident S corporation for the taxable year.

§ 3. This act shall take effect immediately and shall apply to taxable years beginning on or after the first of January next succeeding the date on which it shall have become a law.

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

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