STATE OF NEW YORK

10127

IN SENATE

April 30, 2026

Introduced by Sen. MAY -- read twice and ordered printed, and when printed to be committed to the Committee on Judiciary

AN ACT to amend the general obligations law, the banking law and the penal law, in relation to extending the interest rate caps and criminal usury framework to covered services

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

Section 1. Section 5-501 of the general obligations law is amended by adding a new subdivision 1-a to read as follows:

1-a. For the purposes of this section, the term "covered service" shall mean short-term financing contingent upon the payment of interest, fees, tips, renewal charges, ancillary charges or any payment made in connection with a transaction, including but not limited to, retail installment contracts, merchant cash advances, invoice financing, revenue-based financing, or any transaction that in substance functions as the advance of funds in exchange for a future payment or obligation, regardless of the label assigned to such transaction.

§ 2. Subdivision 2 of section 5-501 of the general obligations law, as amended by chapter 883 of the laws of 1980 and as further amended by section 104 of part A of chapter 62 of the laws of 2011, is amended to read as follows:

2. No person or corporation shall, directly or indirectly, charge, take or receive any money, goods or things in action as interest on the **covered service,** loan or forbearance of any money, goods or things in action at a rate exceeding the rate [~~**above prescribed**~~] **as prescribed in subdivision one of this section**. The amount charged, taken or received as interest shall include any and all amounts paid or payable, directly or indirectly, by any person, to or for the account of the lender in consideration for making the **covered service, or the** loan or forbearance as defined by the superintendent of financial services pursuant to subdivision three of section fourteen-a of the banking law**,** except such fee as may be fixed by the commissioner of taxation and finance as the cost of servicing loans made by the property and liability insurance security fund.

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

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§ 3. Subdivision 2 of section 14-a of the banking law, as amended by chapter 155 of the laws of 2012, is amended to read as follows:

2. The rate of interest as so prescribed under this section shall include as interest any and all amounts paid or payable, directly or indirectly, by any person, to or for the account of the lender in consideration for the making of a **covered service, as defined by section 5-501 of the general obligations law, or** loan or forbearance as defined by the superintendent**,** pursuant to subdivision three of this section.

§ 4. Section 190.40 of the penal law, as amended by chapter 424 of the laws of 1976, is amended to read as follows:

§ 190.40 Criminal usury in the second degree.

A person is guilty of criminal usury in the second degree when, not being authorized or permitted by law to do so, [~~he~~] **such person** knowingly charges, takes or receives any money or other property as interest on the **covered service, as defined by section 5-501 of the general obligations law,** loan or forebearance of any money or other property, at a rate exceeding twenty-five per centum per annum or the equivalent rate for a longer or shorter period.

Criminal usury in the second degree is a class E felony.

§ 5. Section 190.42 of the penal law, as added by chapter 424 of the laws of 1976, is amended to read as follows:

§ 190.42 Criminal usury in the first degree.

A person is guilty of criminal usury in the first degree when, not being authorized or permitted by law to do so, [~~he~~] **such person** knowingly charges, takes or receives any money or other property as interest on the **covered service, as defined by section 5-501 of the general obligations law,** loan or forbearance of any money or other property, at a rate exceeding twenty-five per centum per annum or the equivalent rate for a longer or shorter period and either the actor had previously been convicted of the crime of criminal usury or of the attempt to commit such crime, or the actor's conduct was part of a scheme or business of making or collecting usurious loans.

Criminal usury in the first degree is a class C felony.

§ 6. This act shall take effect immediately.