STATE OF NEW YORK

10748

IN SENATE

November 23, 2026

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

AN ACT to amend the general business law, in relation to prediction market consumer protection; to amend the state finance law, in relation to establishing the futures fund for early education; to amend the tax law, in relation to establishing taxes related to prediction market use; and to amend the election law, in relation to the use of prediction market platforms in furtherance of election violations

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

Section 1. The general business law is amended by adding a new article 48-A to read as follows:

ARTICLE 48-A

FAIRNESS, USER TRANSPARENCY, UNIVERSAL PRE-KINDERGARTEN, AND RESPONSIBLE EXCHANGE SAFEGUARDS ACT

Section 1820. Short title.
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EXPLANATION--Matter in *italics* (underscored) is new; matter in brackets [-] is old law to be omitted.

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§ 1820. Short title. This article shall be known and may be cited as the "Fairness, User Transparency, Universal Pre-kindergarten, and Responsible Exchange Safeguards Act" or the "FUTURES act".

§ 1821. Definitions. As used in this article, the following terms shall have the following meanings:

1. "Affiliate marketing partner" means any person or entity that promotes, advertises, or markets the services of an operator to potential or existing consumers pursuant to a contractual or compensatory arrangement with the operator, including but not limited to influencers, referral agents, and media partners.

2. "At-risk trading controls" means tools, features, and design elements implemented by an operator to enable consumers to monitor and limit their trading activity, including deposit limits, spending limits, session-duration alerts, loss limits, and cooling-off periods.

3. "CFTC" means the commodity futures trading commission established under the commodity exchange act, 7 U.S.C. § 2(a)(2).

4. "Clear and conspicuous" means a disclosure that is presented in a manner reasonably calculated to be noticed and understood by a consumer, including by reason of its size, contrast, location, language, and proximity to the information or transaction to which it relates.

5. "Commodity exchange act" or "CEA" means the commodity exchange act, 7 U.S.C. § 1 et seq., as amended from time to time.

6. "Consumer" means a natural person who resides in or is physically located in the state of New York and who opens, maintains, or uses an account on a prediction market platform, or who seeks to do so.

7. "Designated contract market" or "DCM" means an exchange registered with the CFTC as a designated contract market under section 5 of the commodity exchange act, 7 U.S.C. § 7.

8. "Event contract" means a contract for the sale of a commodity for future delivery, option on such a contract, or swap based on one or more excluded commodities that is (a) based upon an occurrence, extent of an occurrence, or contingency related to sports, other than a change in the price, rate, value, or levels of a commodity described in 7 U.S.C. § 1a(19)(i); and (b) listed by a designated contract market or swap execution facility.

9. "Material nonpublic information" means information relating to an event that is the subject of an event contract that (a) is likely to be viewed by a reasonable trader as substantially relevant to the likelihood of an event occurring or becoming more likely to occur; (b) has not been publicly disseminated in a manner making it available to market participants generally; and (c) a reasonable person would consider important in deciding whether to enter into, purchase, hold, or sell an event contract.

10. "NFA" means the national futures association, a registered futures association and self-regulatory organization provided for under the commodity exchange act, 7 U.S.C. §§ 6d, 6m, 6p, 6s, 12a and 21, and 17 C.F.R. § 170.

11. "Operator" means any person or entity that operates, controls, or manages a prediction market platform and offers or makes available event contracts to consumers in this state, whether directly or through an intermediary, and whether or not such person is registered as a designated contract market. Such term includes any successor, assignee, or affiliate that performs the functions of an operator.

12. "Prediction market platform" or "platform" means any physical or electronic platform through which a consumer may buy, sell, or exchange event contracts. Such term applies whether the platform is located with-

in or outside the state and includes a designated contract market registered with the United States commodity futures trading commission or any other exchange, platform, or business authorized under federal law to offer event contracts that are traded by a consumer located within the state.

13. "Self-exclusion list" means a list maintained by an operator of consumers who have voluntarily elected to be excluded from opening or maintaining an account on such operator's platform or from trading event contracts thereon.

14. "Settlement source" means the publicly available data source, methodology, reporting entity, or objective criterion designated by the operator for the determination of the outcome of an event contract.

§ 1822. Scope and construction; federal law savings. 1. This article applies to every operator that offers, sells, or makes available event contracts to consumers in this state, regardless of where the operator is organized, domiciled, or physically located.

2. Nothing in this article shall be construed to:

(a) authorize or require any state agency to approve, disapprove, review, or regulate the listing, terms, design, execution, or clearing of any event contract that is listed or traded on a designated contract market, or otherwise exercise jurisdiction over matters within the exclusive jurisdiction of the CFTC under the commodity exchange act;

(b) impose any requirement the compliance with which would require an operator that is a designated contract market, or any consumer, to violate the commodity exchange act, the rules and regulations of the CFTC, or any order of the CFTC;

(c) limit or impair any right, remedy, or cause of action available under article twenty-two-A of this chapter, including sections three hundred forty-nine and three hundred fifty of this chapter, the financial services law, or any other provision of state or federal law; or

(d) apply to the extent that such application is preempted by the commodity exchange act, the rules and regulations of the CFTC, the rules and regulations of the NFA, or other applicable federal law.

3. This article shall be liberally construed to protect consumers in this state and to effectuate the purposes set forth in this article. Where a provision of this article conflicts with any obligation imposed on a designated contract market by the commodity exchange act or the rules and regulations of the CFTC or the NFA, the federal or NFA obligation shall control, and the operator shall comply with the analogous state requirement to the maximum extent that is consistent with federal law or NFA rule in its reasonable discretion.

4. This article regulates consumer-facing conduct and disclosures by operators in this state. It does not regulate, and shall not be applied to regulate, the listing of, terms, structure, price, trading mechanics, or settlement of event contracts to the extent such matters are within the exclusive jurisdiction of the CFTC pursuant to section 2(a)(1)(A) of the commodity exchange act, 7 U.S.C. § 2(a)(1)(A), or section 5c of the commodity exchange act, 7 U.S.C. § 7a-2.

§ 1823. Consumer eligibility and identity verification. 1. No operator shall permit any consumer under the age set by the United States commodity futures trading commission to open an account, deposit funds, or trade event contracts on such operator's platform.

2. Prior to permitting a consumer to trade event contracts, an operator shall verify such consumer's identity and age through reliable, independent-source documentary or non-documentary methods, which may include, without limitation, government-issued identification, database

verification, or other procedures that comply with applicable federal regulations, NFA rules, or any applicable requirements under 31 U.S.C. § 5318 and the relevant regulations thereunder.

3. An operator shall maintain records of consumer identity verification procedures and results for a period of not less than five years following the closure of the consumer's account and shall make such records available to the attorney general upon request.

§ 1824. Self-exclusion and account closure. 1. All operators shall maintain a self-exclusion list and shall provide each consumer with a clear and conspicuous mechanism, accessible at all times through the platform, to add the consumer's name to the self-exclusion list.

2. Upon a consumer's election to self-exclude:

(a) the operator shall promptly suspend such consumer's ability to enter into new event contracts and to deposit additional funds, provided that such consumer shall be permitted to close or settle existing open positions in an orderly manner;

(b) the operator shall refund any withdrawable balance to such consumer within ten business days after such consumer's open positions have been closed or settled;

(c) the operator shall remove such consumer from any direct marketing, promotional, and advertising communications within forty-eight hours; and

(d) the self-exclusion shall remain in effect for a minimum period of one year.

3. An operator shall provide each consumer with a clear and conspicuous mechanism to close the consumer's account at any time, subject to the operator's orderly settlement of open positions. Upon account closure, the operator shall return all withdrawable funds to the consumer within ten business days.

4. An operator shall not reinstate a self-excluded consumer's ability to enter into new event contracts and to deposit additional funds before the expiration of the applicable minimum period described in paragraph (d) of subdivision two of this section, and shall require such consumer to affirmatively confirm such consumer's intent to resume trading before reinstatement.

5. An operator shall, upon receipt of notice that a consumer has been added to any self-exclusion list maintained by any instrumentality of the state of New York, proceed to exclude such a consumer in adherence to all other requirements contained in this section.

§ 1825. Responsible trading controls. 1. An operator shall make available to each consumer, in a clear and conspicuous manner accessible through the platform, the following at-risk trading controls:

(a) the ability to set a daily, weekly, or monthly deposit limit on funds transferred to the consumer's account, provided that an operator shall not reduce such limits until the later of (i) twenty-four hours after the conclusion of the limit period set by such consumer, or (ii) twenty-four hours after the submission of a request to change the limit period by such consumer;

(b) a cooling-off period, during which the consumer may not trade, of a duration selected by the consumer, provided that an operator shall not reduce such period until the later of (i) twenty-four hours after the conclusion of the period set by such consumer, or (ii) twenty-four hours after the submission of a request to change the limit period by such consumer; and

(c) a mechanism to receive periodic account activity summaries, including trading volume, net gains and losses, and deposits and withdrawals over a consumer-selected period.

2. An operator shall honor a consumer's election to impose a deposit limit, loss limit, spend limit, or cooling-off period within twenty-four hours of such election, provided that an operator shall not increase or remove such limit until twenty-four hours after the submission of a request to change the limit by such consumer.

3. An operator shall maintain, and make accessible to each consumer through a dedicated page on the platform, responsible trading resources including, at a minimum:

(a) information about compulsive or problem trading behaviors, including the warning signs thereof; and

(b) a link to the self-exclusion mechanism described in section eighteen hundred twenty-four of this article.

4. An operator shall communicate with a user in a clear and conspicuous manner with information regarding at-risk trading controls, responsible trading resources, and self-exclusion policies any time a user:

(a) deposits more than one hundred thousand dollars in a twenty-four hour period, or

(b) trades worth more than one million dollars within a forty-five day period.

§ 1826. Disclosures and account information. 1. Prior to permitting a consumer to trade event contracts, an operator shall provide such consumer with the following disclosures in a clear, conspicuous, and legible manner:

(a) a plain-language description of the nature and material risks of event contract trading, including the risk of loss of such consumer's entire amount traded on a contract;

(b) an explanation of how event contracts are settled, including the role of settlement sources and the possibility that settlement may be delayed or disputed;

(c) a description of all fees, commissions, and charges that may be assessed on such consumer's account or trades directly by such operator, and the circumstances under which such fees may be changed; and

(d) a statement that event contracts traded on a designated contract market are subject to federal regulation by the CFTC.

2. The disclosures required by subdivision one of this section shall be acknowledged by the consumer before such consumer's first trade and shall be made available to the consumer at any time through the platform.

§ 1827. Advertising, marketing, and promotions. 1. All advertising, marketing, and promotional materials disseminated by or on behalf of an operator to consumers in this state shall be truthful, not misleading, and based on fact. No operator shall disseminate or cause to be disseminated any advertisement that:

(a) is false, deceptive, or misleading within the meaning of applicable guidance or regulations set forth by the federal trade commission, or in sections three hundred forty-nine and three hundred fifty-a of this chapter;

(b) omits material information necessary to make the advertisement, in light of the circumstances in which it is made, not misleading;

(c) depicts or targets minors, or is deliberately designed to appeal primarily to persons under the age of eighteen;

(d) is directed to any person known by the operator to be on the operator's self-exclusion list;

(e) uses the terms "free," "risk-free," "no-risk," "guaranteed," or words of similar import to describe any event contract or trading activity in which the consumer's own funds are or may be at risk; or

(f) fails to include a clear and conspicuous reference to the responsible trading resources described in subdivision four of section eighteen hundred twenty-five of this article.

2. An operator shall require each affiliate marketing partner to comply with the standards set forth in subdivision one of this section, to the extent applicable or within its reasonable discretion, and shall monitor affiliate marketing partner compliance with such standards on an ongoing basis.

3. A consumer shall have the right to opt out of all targeted marketing and promotional communications from the operator and its affiliate marketing partners. An operator shall provide a clear and conspicuous mechanism for opting out and shall effectuate a consumer's opt-out election within fifteen days of receipt.

4. An operator shall retain copies of all advertising and promotional materials disseminated to consumers in this state for a period of not less than five years and shall make such records available to the attorney general upon request.

§ 1828. Customer funds and withdrawals. 1. An operator shall segregate consumer funds from the operator's proprietary funds in accordance with applicable CFTC rules.

2. A consumer shall have the right to withdraw such consumer's available balance at any time, subject to the orderly settlement of open positions in event contracts, applicable regulatory holds, pending or ongoing compliance inquiries or investigations, and identity verification requirements. A consumer's available balance shall not include any funds committed to meet applicable margin requirements. An operator shall process a consumer's withdrawal request within a reasonable period not to exceed five business days.

3. An operator shall provide each consumer with a clear statement of such consumer's available balance, which shall not include any funds committed to meet applicable margin requirements, and any pending deposits or withdrawals at all times through the platform.

§ 1829. Insider trading and market manipulation. 1. Consistent with section 6(c)(1) of the commodity exchange act, 7 U.S.C. § 9(1), and 17 C.F.R. § 180.1, no person shall trade or cause to be traded an event contract on a prediction market platform while in possession of material nonpublic information relating to the event that is the subject of such contract, where such person knows or has reason to know that the information is material and nonpublic.

2. No person shall engage in any act, practice, or course of business that operates or would operate as a fraud, deceit, or manipulation upon any consumer or upon the market for any event contract, including wash trading, spoofing, layering, or any similar scheme.

3. No person holding statewide, legislative, or local elected office within the state shall be permitted to trade or cause to be traded an event contract on a prediction market platform.

4. Any state employee serving in a policymaking position as determined by the appointing authority, which determination had been filed with the state ethics commission or the commission on public integrity, shall not be permitted to trade or cause to be traded an event contract on a prediction market platform.

5. Any person in violation of this section shall be guilty of a misdemeanor for each occurrence, unless otherwise provided.

6. Nothing in this section shall be construed to limit the authority of the department of justice, the CFTC, or any other federal department or agency to investigate or prosecute violations of the commodity exchange act or other federal law. Nothing in this section shall be construed to create a civil or criminal penalty for any conduct by a DCM that is within the exclusive jurisdiction of the CFTC under the commodity exchange act or any conduct by an operator that is consistent with and abides by applicable NFA rules or requirements.

§ 1830. Privacy and data protection. 1. An operator shall maintain a written privacy policy that clearly and conspicuously discloses to consumers the categories of personal information collected, the purposes for which such information is used, the categories of third parties with whom such information is shared, and the consumer's rights with respect to such information.

2. An operator shall implement and maintain reasonable administrative, technical, and physical safeguards to protect the security, confidentiality, and integrity of consumer personal information against unauthorized access, disclosure, use, or destruction.

3. An operator shall comply with the notification requirements of section eight hundred ninety-nine-aa of this chapter in the event of a breach of the security of consumer personal information.

§ 1831. Annual report and limited audit. 1. Each operator shall, on or before March first of each year, submit to the attorney general a written report covering the preceding calendar year, which shall include:

(a) the number of consumers with active accounts in this state;

(b) the number of consumers who elected self-exclusion and the number who requested account closure;

(c) a description of such operator's responsible trading program, including utilization data for at-risk trading controls; and

(d) such other information as the attorney general may require by regulation pursuant to section eighteen hundred thirty-three of this article.

2. An operator shall cause an independent audit of its compliance with the consumer protection requirements of this article to be conducted at least every year by a qualified independent auditor. The audit report shall be submitted to the attorney general and shall be treated as confidential to the extent permitted by law.

3. The annual report and audit required by this section shall be in addition to, and shall not substitute for, any reporting or examination obligations imposed on the operator under the commodity exchange act or CFTC rules.

§ 1832. Enforcement and penalties. 1. The attorney general may bring an action or proceeding in the name and on behalf of the people of the state of New York to enjoin any violation of this article and to obtain restitution of any moneys or property obtained directly or indirectly by means of any practice declared unlawful by this article.

2. Any operator that violates any provision of this article or any regulation promulgated thereunder shall be liable for a civil penalty of not more than twenty-five thousand dollars for each violation. Where the court finds that the operator acted willfully or with reckless disregard for the requirements of this article, the court may impose a civil penalty of not more than one hundred thousand dollars per violation.

3. In any action or proceeding brought under this section, the attorney general may seek, and the court may award, costs, reasonable attorney's fees, and such other relief as the court deems just and proper.

4. The office of the attorney general, on behalf of a consumer who has been injured by reason of a violation of this article, may bring an action to recover actual damages, or fifty dollars, whichever is greater, together with reasonable attorney's fees. A court may, in its discretion, increase the award of damages to an amount not to exceed three times the actual damages where the court finds the operator willfully or knowingly violated this article.

5. The remedies provided in this section are in addition to any other remedies available under article twenty-two-A of this chapter, the financial services law, or any other applicable law. Nothing in this section shall be construed to create a civil or criminal penalty for any conduct by a DCM that is within the exclusive jurisdiction of the CFTC under the commodity exchange act or any conduct by an operator that is consistent with and abides by applicable NFA rules or requirements.

§ 1833. Rulemaking authority. 1. The attorney general is authorized to promulgate such rules and regulations as are necessary to implement and enforce the provisions of this article, provided that no such rule or regulation shall:

(a) authorize or require any state agency to approve, disapprove, or otherwise regulate the exchange operations of a designated contract market, or the listing, terms, or trading of event contracts on a designated contract market;

(b) impose any requirement that is preempted by the commodity exchange act or the rules and regulations of the CFTC or the NFA; or

(c) take effect before the expiration of a sixty-day public comment period.

2. The attorney general may consult with the CFTC, the NFA, the department of financial services, and other relevant federal and state departments or agencies in developing regulations under this section.

§ 1834. Severability. If any clause, sentence, subdivision, paragraph, section, or part of this article shall be adjudged by any court of competent jurisdiction to be invalid or unconstitutional, such judgment shall not affect, impair, or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, subdivision, paragraph, section, or part thereof directly involved in the controversy in which such judgment shall have been rendered.

§ 2. The state finance law is amended by adding a new section 99-uu to read as follows:

§ 99-uu. Futures fund for early education. 1. There is hereby established in the sole custody of the commissioner of taxation and finance a special fund to be known as the futures fund for early education.

2. Such fund shall consist of all moneys paid thereto from the tax on prediction markets and revenue generated from individual gains as provided in article fifteen of the tax law.

3. The commissioner of taxation and finance, in consultation with the division of the budget and the commissioner of education, shall use moneys deposited to the futures fund for early education to pay each school district in the state for statewide universal pre-K including 2-K, 3-K and 4-K. Such payment shall be in an amount as determined by the commissioner of education.

4. The department of taxation and finance and the education department shall jointly provide a written report on the futures fund for early education yearly and shall transmit such report to the governor, the legislature and the comptroller by April first of each year.

§ 3. The tax law is amended by adding a new article 15 to read as follows:

ARTICLE 15
PREDICTION MARKETS

Section 330. Definitions.
331. Trading fees tax.
332. Taxation of consumer gains.
333. Taxation of corporate gains.
334. Use of tax revenues.

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

1. "Board of trade" shall have the same meaning as such term is defined in 7 U.S.C. § 1a.

2. "Derivatives clearing organization" shall have the same meaning as such term is defined in 7 U.S.C. § 1a.

3. "Designated contract market" shall mean a board of trade subject to the provisions of 17 C.F.R. Part 38.

4. "Event contract" shall mean a swap available for trading on a designated contract market or swap execution facility that is based upon the occurrence, extent of an occurrence, or contingency for which the event or contingency involves sports. Such term does not include an occurrence, extent of an occurrence, or contingency involving a change in the price, rate, value, or levels of a commodity described under 7 U.S.C. § 1a(19)(i).

5. "Futures commission merchant" shall have the same meaning as such term is defined in 7 U.S.C. § 1a.

6. "Introducing broker" shall have the same meaning as such term is defined in 7 U.S.C. § 1a.

7. "Net trading fee revenue" shall mean prediction market revenue less the following:

(a) broker, software provider, data provider, or market maker compensation;

(b) promotional incentives, funds, or rebates;

(c) platform fees or clearing fees charged by a derivatives clearing organization;

(d) withdrawal fees; and

(e) necessary costs of regulatory compliance, including know-your-customer compliance, anti-money laundering programs, and market surveillance.

8. "Prediction market" shall mean any physical or electronic platform through which a consumer may buy, sell, or exchange event contracts. Such term applies whether the platform is located within or outside of the state and includes any designated contract market that has obtained a license from the commodity futures trading commission or any other exchange, platform, or business that offers event contracts for trading which are in fact traded by a consumer located in the state.

9. "Prediction market revenue" shall mean revenue actually received by a prediction market from the following sources:

(a) fees associated with trade execution; and

(b) commissions charged to any futures commission merchants, introducing brokers, or other affiliated, authorized, or licensed market participants, clearinghouses or clearing organizations, intermediaries, service providers, and market infrastructure participants.

10. "Swap" shall have the same meaning as such term is defined in 7 U.S.C. § 1a.

11. "Swap execution facility" shall have the same meaning as such term is defined in 7 U.S.C. § 1a.

§ 331. Trading fees tax. 1. A prediction market registered and licensed by the commodity futures trading commission that offers event contracts, including sports event contracts, to New York residents may operate within the state of New York lawfully as a result of its registration with the commission and its compliance with the commodity exchange act and its implementing regulations, which establish exclusive federal regulatory authority of the commission over the licensing and operation of and trading on prediction markets.

2. A tax is imposed on each operator of a prediction market at the rate of ten percent of such operator's net trading fee revenue apportionable to the state. Such tax applies to any prediction market operator but is solely a revenue measure and does not impose any license, registration, market-access, operational, or other regulatory requirements or obligations of any kind on prediction markets.

3. Revenue of a prediction market operator is apportionable to the state if it involves the trading of an event contract by a resident of the state, who is domiciled and present in the state at the time of the trade, on a prediction market that results in payment of trading fees by such resident.

4. Taxes levied by this article shall be collected and filed on a quarterly basis in a manner as prescribed by the department.

§ 332. Taxation of consumer gains. All net gains and profits realized by a resident of this state from the settlement, sale, or disposition of event contracts traded on a prediction market platform as defined by this article shall be taxed as ordinary income under subsection (b) of section six hundred twelve of this chapter and such revenue generated by such gains shall be deposited in the futures fund for early education created under section ninety-nine-uu of the state finance law.

§ 333. Taxation of corporate gains. All net gains and profits realized by a corporation of this state from the settlement, sale, or disposition of event contracts traded on a prediction market platform as defined by this article shall be taxed as corporate franchise tax under article nine-A of this chapter.

§ 334. Use of tax revenues. All tax revenue generated by this article shall be deposited in the futures fund for early education created under section ninety-nine-uu of the state finance law and the commissioner, in consultation with the division of the budget and the commissioner of education, shall use such fund to pay each school district in the state for statewide universal pre-K including 2-K, 3-K and 4-K. Such payment shall be in an amount as determined by the commissioner of education.

§ 4. The tax law is amended by adding a new section 698-a to read as follows:

§ 698-a. Identification and certification of personal income tax revenue attributable to prediction market gains. 1. Definitions. For purposes of this section:

(a) "Net realized prediction market income" means the net amount of gains and losses derived from the sale, exchange, expiration, or settlement of prediction market contracts during a taxable year, after application of deductions, loss limitations, carry forwards, and other rules otherwise applicable under state and federal income tax law.

(b) "Attributable state income tax revenue" means that portion of personal income tax liability calculated under this article reasonably attributable to net realized prediction market income included in a taxpayer's New York taxable income or New York source income, as applicable.

2. No additional tax imposed. (a) Nothing in this section imposes any new or additional tax upon an individual, estate, or trust.

(b) Nothing in this section alters any tax rate, bracket, credit, deduction, exemption, exclusion, or other rule for determining liability under this article.

(c) This section is used solely to identify, calculate, and certify existing personal income tax revenue for dedication to universal pre-kindergarten.

3. Determination of attributable revenue. (a) For each taxable year, the commissioner shall determine the aggregate amount of state personal income tax revenue attributable to net realized prediction market income.

(b) Such determination shall equal the difference between (i) aggregate state personal income tax liability actually determined under this article for taxpayers reporting taxable prediction market income; and (ii) aggregate liability that would have been determined for such taxpayers if their net positive taxable prediction market income had been excluded, with appropriate adjustments to deductions, credits, limitations, and related calculations.

(c) The amount determined shall not exceed the aggregate actual state personal income tax liability for taxpayers included in the calculation.

(d) The commissioner may prescribe reasonable methods of calculation, statistical estimation, reconciliation, and adjustment when individual transaction data are unavailable or direct allocation is administratively impracticable.

(e) In determining attributable revenue, the commissioner shall account for applicable deductions, losses, credits, refunds, and prior-year adjustments to avoid overstating the attributable amount.

4. Information reporting. (a) The commissioner may establish an informational schedule identifying taxable prediction market income already included on a state income tax return.

(b) Taxpayers may be required to identify net realized prediction market gains and losses to the extent reasonably available and necessary to administer this section.

(c) The commissioner may use federal tax information, existing returns, and information lawfully obtained from exchanges, brokers, and financial intermediaries.

(d) No additional tax shall be due solely by reason of these reporting requirements.

5. Annual certification. (a) On or before December first of each year, commencing December first, two thousand twenty-nine, the commissioner shall certify to the comptroller and director of the budget the attributable state income tax revenue for the preceding taxable year.

(b) Such certification shall identify the amount eligible for transfer to the futures fund for early education created under section ninety-nine-uu of the state finance law.

(c) The commissioner shall publish an aggregate report describing the amount and methodology, without disclosure of confidential taxpayer information.

6. Rules and regulations. The commissioner shall promulgate rules necessary for informational reporting, calculations, certifications, and prior-year reconciliations.

§ 5. The tax law is amended by adding a new section 219-b to read as follows:

§ 219-b. Identification and certification of corporate franchise tax revenue attributable to prediction market gains. 1. Definitions. For purposes of this section:

(a) "Net realized prediction market income" means the net amount of gains and losses derived from the sale, exchange, expiration, or settlement of prediction market contracts during a taxable year, after application of deductions, loss limitations, carry forwards, and other rules otherwise applicable under state and federal income tax law.

(b) "Attributable state income tax revenue" means that portion of corporate franchise tax liability calculated under this article reasonably attributable to net realized prediction market income included in a taxpayer's New York taxable income or New York source income, as applicable.

2. No additional tax imposed. (a) Nothing in this section alters any tax rate, bracket, credit, deduction, exemption, exclusion, or other rule for determining liability under this article.

(b) This section is used solely to identify, calculate, and certify existing corporate franchise tax revenue for dedication to universal pre-kindergarten.

3. Determination of attributable revenue. (a) For each taxable year, the commissioner shall determine the aggregate amount of corporate franchise tax revenue attributable to net realized prediction market income.

(b) Such determination shall equal the difference between (i) aggregate state corporate franchise tax liability actually determined under this article for taxpayers reporting taxable prediction market income; and (ii) aggregate liability that would have been determined for such taxpayers if their net positive taxable prediction market income had been excluded, with appropriate adjustments to deductions, credits, limitations, and related calculations.

(c) The amount determined shall not exceed the aggregate actual state corporate franchise tax liability for taxpayers included in the calculation.

(d) The commissioner may prescribe reasonable methods of calculation, statistical estimation, reconciliation, and adjustment when individual transaction data are unavailable or direct allocation is administratively impracticable.

(e) In determining attributable revenue, the commissioner shall account for applicable deductions, losses, credits, refunds, and prior-year adjustments to avoid overstating the attributable amount.

4. Information reporting. (a) The commissioner may establish an informational schedule identifying taxable prediction market income already included on a corporate franchise tax return.

(b) Taxpayers may be required to identify net realized prediction market gains and losses to the extent reasonably available and necessary to administer this section.

(c) The commissioner may use federal tax information, existing returns, and information lawfully obtained from exchanges, brokers, and financial intermediaries.

(d) No additional tax shall be due solely by reason of these reporting requirements.

5. Annual certification. (a) On or before December first of each year, commencing December first, two thousand twenty-nine, the commissioner shall certify to the comptroller and director of the budget the attributable corporate franchise tax revenue for the preceding taxable year.

(b) Such certification shall identify the amount eligible for transfer to the futures fund for early education created under section ninety-nine-uu of the state finance law.

(c) The commissioner shall publish an aggregate report describing the amount and methodology, without disclosure of confidential taxpayer information.

6. Rules and regulations. The commissioner shall promulgate rules necessary for informational reporting, calculations, certifications, and prior-year reconciliations.

§ 6. The election law is amended by adding a new section 17-172 to read as follows:

§ 17-172. Prediction market platforms. 1. Any person found guilty under this article who utilizes prediction market platforms, as defined in article forty-eight-A of the general business law, in furtherance of the crime, shall be guilty of a felony.

2. The attorney general shall have the authority to request from prediction market operators records necessary to prosecute crimes under this article.

3. Nothing in this section shall be construed to create a criminal penalty for any conduct by a designated contract market that is within the exclusive jurisdiction of the commodity futures trading commission under the commodity exchange act, or any conduct by a prediction market operator that is consistent with and abides by applicable national futures association rules or requirements.

§ 7. This act shall take effect on the one hundred eightieth day after it shall have become a law; provided, however, that the attorney general is authorized to promulgate rules and regulations and take any other actions necessary for the timely implementation of this act on or before such effective date. Effective immediately, the addition, amendment and/or repeal of any rule or regulation necessary for the implementation of this act on its effective date are authorized to be made and completed on or before such effective date.