

STATE OF NEW YORK

8518

2025-2026 Regular Sessions

IN SENATE

October 1, 2025

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

AN ACT to amend the tax law, in relation to imposing an excise tax on energy used in digital asset mining using proof-of-work authentication methods

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

1 Section 1. The tax law is amended by adding a new section 186-h to
2 read as follows:

3 § 186-h. Excise tax on energy used in digital asset mining using
4 proof-of-work authentication methods. 1. For the purposes of this
5 section, the following terms shall have the following meanings:

6 (a) "Affiliate" means, with respect to any specified entity, an entity
7 that directly, or indirectly through one or more intermediaries,
8 controls or is controlled by, or is under common control with, the enti-
9 ty specified.

10 (b) "Blockchain" means data that is:

11 (i) shared across a network to create a ledger of verified trans-
12 actions or information among network participants linked using cryptog-
13 raphy to maintain the integrity of the ledger and to execute other func-
14 tions; and

15 (ii) distributed among network participants in an automated fashion to
16 concurrently update network participants on the state of the ledger and
17 any other functions.

18 (c) "Control" (including the terms controlling, controlled by and
19 under common control with) means the possession, direct or indirect, of
20 the power to direct or cause the direction of the management and poli-
21 cies of an entity, whether through the ownership of voting securities,
22 by contract, or otherwise.

23 (d) "Controlled group" means two or more entities that are affiliates
24 of each other.

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

LBD10789-04-5

1 (e) "Digital asset" means an asset that is issued, transferred, or
2 both, using distributed ledger or blockchain technology, including, but
3 not limited to, digital currencies, digital coins, digital non-fungible
4 tokens or other similar assets.

5 (f) "Distributed ledger or blockchain technology" means a digital
6 system for recording, storing, and sharing data or transactions across
7 multiple computers or devices:

8 (i) in which each participant maintains an identical copy of the
9 ledger and updates are validated through a consensus mechanism among the
10 participants rather than by a single centralized authority; and

11 (ii) which employs cryptographic methods to ensure data integrity,
12 chronological ordering, and resistance to unauthorized alteration of
13 records.

14 (iii) may take the form of a blockchain network or other data struc-
15 tures that provide decentralized validation, transparency, and synchro-
16 nization of records among participants, whether permissioned or permis-
17 sionless, public or private.

18 (g) "Digital asset mining using proof-of-work authentication methods"
19 means the operation of specialized computer hardware or devices, includ-
20 ing but not limited to application-specific integrated circuits (ASICs)
21 or graphics processing units (GPUs) for the purpose of validation or
22 authentication of transactions, recording data, or securing consensus on
23 a distributed ledger or blockchain network through the repeated perform-
24 ance of computational algorithms. Such processes, commonly referred to
25 as "proof-of-work", involve solving cryptographic or mathematical
26 puzzles of increasing difficulty in order to create new units of digital
27 assets or to receive compensation in the form of transaction fees or
28 block rewards, and are characterized by continuous, high-intensity elec-
29 tricity consumption for the purpose of verifying transactions and main-
30 taining the integrity of the blockchain.

31 2. (a) There is hereby imposed on any taxpayer engaged in the business
32 of digital asset mining using proof-of-work authentication methods a tax
33 on the annual consumption of electricity purchased, produced, or
34 acquired by such taxpayer during a taxable year and used by such taxpay-
35 er with respect to such business in this state.

36 (b) The rate of tax imposed by this section shall be as follows:

37 (i) For every kilowatt-hour less than or equal to 2.25 million kilo-
38 watt-hours per year, 0 cents per kilowatt-hour.

39 (ii) For every kilowatt-hour over 2.25 million to 5 million kilowatt-
40 hours per year, 2 cents per kilowatt-hour.

41 (iii) For every kilowatt-hour over 5 million to 10 million kilowatt-
42 hours per year, 3 cents per kilowatt-hour.

43 (iv) For every kilowatt-hour over 10 million to 20 million kilowatt-
44 hours per year, 4 cents per kilowatt-hour.

45 (v) For every kilowatt-hour over 20 million kilowatt-hours per year, 5
46 cents per kilowatt-hour.

47 (c) For the purposes of this section, taxpayers in a controlled group
48 are treated as a single entity for the purpose of determining annual
49 consumption of electricity used with respect to the business of digital
50 asset mining using proof-of-work authentication methods in this state,
51 and shall be jointly and severally liable for any payment owed pursuant
52 to this section by any entity in the controlled group.

53 (d) The administrative procedures set forth in article twenty-seven of
54 this chapter shall apply unless specific provisions to the contrary are
55 set forth in this section.

1 (e) The department of taxation and finance may prescribe such rules
2 and regulations as may be necessary to carry out this section.

3 (f) The tax imposed by this section shall not apply to the consumption
4 of electricity produced by renewable energy systems, as defined in
5 section sixty-six-p of the public service law, and consumed by a facili-
6 ty that is not connected to the electric system and not operated in
7 conjunction with an electric corporation's transmission and distribution
8 facilities.

9 3. All taxes, interest, and penalties collected or received from taxes
10 imposed by this section shall be used to provide benefits to eligible
11 residential customers enrolled in energy affordability programs author-
12 ized by the public service commission and administered by the department
13 of public service, in consultation with the energy affordability policy
14 working group.

15 § 2. This act shall take effect immediately and shall apply to all
16 taxable years commencing on and after January 1, 2027.