STATE OF NEW YORK

S. 9009--A A. 10009--A

SENATE - ASSEMBLY

January 21, 2026

IN SENATE -- A BUDGET BILL, submitted by the Governor pursuant to article seven of the Constitution -- read twice and ordered printed, and when printed to be committed to the Committee on Finance -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

IN ASSEMBLY -- A BUDGET BILL, submitted by the Governor pursuant to article seven of the Constitution -- read once and referred to the Committee on Ways and Means -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the tax law, in relation to enhancing and reforming the child and dependent care credit (Part A); to amend the tax law, in relation to excluding certain tips earned from New York adjusted gross income (Part B); to amend the tax law, in relation to retaining the deductibility of certain charitable contributions (Part C); to amend the tax law, in relation to standardizing the definition of farmer for various credits; and to repeal certain provisions of such law relating thereto (Part D); to amend the tax law, in relation to extending the current corporate tax rates (Part E); to amend the tax law, in relation to exemptions from calculation of income in certain cases (Part F); to amend the administrative code of the city of New York, in relation to the treatment of certain deductions allowable under the internal revenue code in calculating New York city taxable income for corporations (Part G); to amend the tax law, in relation to the pass-through entity tax and New York city pass-through entity tax election deadline (Part H); to amend the executive law and the tax law, in relation to extending the commercial security tax credit (Part I); to amend the tax law, in relation to enhancing the New York city musical and theatrical production tax credit (Part J); to amend the tax law and the state finance law, in relation to alternative nicotine products (Part K); to amend the tax law and the public health law, in relation to the taxation of vapor products (Part L); to amend the tax law and the administrative code of the city of New York, in relation to extending the real estate transfer tax rate reduction for conveyances of real property to existing real estate investment funds (Part M); establishing a sales and use tax reregistration program and a sales and use tax penalty and interest discount program (Part N); to

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

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amend the tax law, in relation to establishing a sales tax exemption for electric vehicle charging stations (Part O); to amend the tax law, in relation to extending the sales tax exemption for certain sales made through a vending machine for three years (Part P); to amend part PP of chapter 58 of the laws of 2024 amending the tax law relating to establishing a sales tax exemption for residential energy storage, in relation to extending the residential energy storage exemption for two years (Part Q); to amend the tax law, in relation to the petroleum business tax filing deadline for commercial vessel operators (Part R); to amend chapter 109 of the laws of 2006 amending the tax law and other laws relating to providing exemptions, reimbursements and credits from various taxes for certain alternative fuels, in relation to extending the alternative fuels tax exemptions (Part S); to amend the real property tax law and the tax law, in relation to making technical corrections to the STAR exemption and STAR credit programs; and to repeal certain provisions of the real property tax law relating thereto (Part T); to amend chapter 475 of the laws of 2013 amending the real property tax law relating to assessment ceilings for local public utility mass real property, in relation to extending the assessment ceiling for local public utility mass real property to January 1, 2031 (Part U); to amend the real property tax law, in relation to expanding the rent increase exemption for senior citizens and persons with disabilities; to amend part U of chapter 55 of the laws of 2014, amending the real property tax law relating to the tax abatement and exemption for rent regulated and rent controlled property occupied by senior citizens, in relation to the effectiveness thereof; to amend chapter 129 of the laws of 2014, amending the real property tax law relating to the tax abatement and exemption for rent regulated and rent controlled property occupied by persons with disabilities, in relation to the effectiveness thereof; and providing for the repeal of certain provisions upon expiration thereof (Part V); to amend the racing, pari-mutuel wagering and breeding law, in relation to conforming pari-mutuel tax provisions (Part W); to amend the racing, pari-mutuel wagering and breeding law, in relation to extending the utilization of funds in the Capital off-track betting corporations' capital acquisition funds (Part X); to amend the racing, pari-mutuel wagering and breeding law, in relation to licenses for simulcast facilities, sums relating to track simulcast, simulcast of out-of-state thoroughbred races, simulcasting of races run by out-of-state harness tracks and distributions of wagers; and to amend chapter 346 of the laws of 1990 amending the racing, pari-mutuel wagering and breeding law and other laws relating to simulcasting and the imposition of certain taxes, in relation to the effectiveness thereof (Part Y); and to amend the racing, pari-mutuel wagering and breeding law, in relation to extending certain seasonal employee licensing requirements for additional race dates at Saratoga Racetrack (Part Z)

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

1 Section 1. This act enacts into law major components of legislation
2 which are necessary to implement the state fiscal plan for the 2026-2027
3 state fiscal year. Each component is wholly contained within a Part
4 identified as Parts A through Z. The effective date for each particular
5 provision contained within such Part is set forth in the last section of

such Part. Any provision in any section contained within a Part, including the effective date of the Part, which makes a reference to a section "of this act", when used in connection with that particular component, shall be deemed to mean and refer to the corresponding section of the Part in which it is found. Section three of this act sets forth the general effective date of this act.

PART A

Section 1. Paragraph 1 of subsection (c) of section 606 of the tax law, as amended by section 1 of part M of chapter 63 of the laws of 2000, is amended to read as follows:

(1) [~~A~~] **For taxable years beginning before January first, two thousand twenty-six, a** taxpayer shall be allowed a credit as provided herein equal to the applicable percentage of the credit allowable under section twenty-one of the internal revenue code for the same taxable year (without regard to whether the taxpayer in fact claimed the credit under such section twenty-one for such taxable year). The applicable percentage shall be the sum of (i) twenty percent and (ii) a multiplier multiplied by a fraction. For taxable years beginning in nineteen hundred ninety-six and nineteen hundred ninety-seven, the numerator of such fraction shall be the lesser of (i) four thousand dollars or (ii) fourteen thousand dollars less the New York adjusted gross income for the taxable year, provided, however, the numerator shall not be less than zero. For the taxable year beginning in nineteen hundred ninety-eight, the numerator of such fraction shall be the lesser of (i) thirteen thousand dollars or (ii) thirty thousand dollars less the New York adjusted gross income for the taxable year, provided, however, the numerator shall not be less than zero. For taxable years beginning in nineteen hundred ninety-nine, the numerator of such fraction shall be the lesser of (i) fifteen thousand dollars or (ii) fifty thousand dollars less the New York adjusted gross income for the taxable year, provided, however, the numerator shall not be less than zero. For taxable years beginning after nineteen hundred ninety-nine, the numerator of such fraction shall be the lesser of (i) fifteen thousand dollars or (ii) sixty-five thousand dollars less the New York adjusted gross income for the taxable year, provided, however, the numerator shall not be less than zero. The denominator of such fraction shall be four thousand dollars for taxable years beginning in nineteen hundred ninety-six and nineteen hundred ninety-seven, thirteen thousand dollars for the taxable year beginning in nineteen hundred ninety-eight, and fifteen thousand dollars for taxable years beginning after nineteen hundred ninety-eight. The multiplier shall be ten percent for taxable years beginning in nineteen hundred ninety-six, forty percent for taxable years beginning in nineteen hundred ninety-seven, and eighty percent for taxable years beginning after nineteen hundred ninety-seven. Provided, however, for taxable years beginning after nineteen hundred ninety-nine, for a person whose New York adjusted gross income is less than forty thousand dollars, such applicable percentage shall be equal to (i) one hundred percent, plus (ii) ten percent multiplied by a fraction whose numerator shall be the lesser of (i) fifteen thousand dollars or (ii) forty thousand dollars less the New York adjusted gross income for the taxable year, provided such numerator shall not be less than zero, and whose denominator shall be fifteen thousand dollars. Provided, further, that if the reversion event, as defined in this paragraph, occurs, the applicable percentage shall, for taxable years ending on or after the date on which the rever-

sion event occurred, be determined using the rules specified in this paragraph applicable to taxable years beginning in nineteen hundred ninety-nine. The reversion event shall be deemed to have occurred on the date on which federal action, including but not limited to, administrative, statutory or regulatory changes, materially reduces or eliminates New York state's allocation of the federal temporary assistance for needy families block grant, or materially reduces the ability of the state to spend federal temporary assistance for needy families block grant funds for the credit for certain household and dependent care services necessary for gainful employment or to apply state general fund spending on the credit for certain household and dependent care services necessary for gainful employment toward the temporary assistance for needy families block grant maintenance of effort requirement, and the commissioner of the office of temporary and disability assistance shall certify the date of such event to the commissioner, the director of the division of the budget, the speaker of the assembly and the temporary president of the senate.

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

(c-2) New York state child and dependent care credit. (1) For taxable years beginning on or after January first, two thousand twenty-six, an eligible taxpayer shall be allowed a credit as provided herein to enable the eligible taxpayer to be gainfully employed or a full-time student at an educational institution for any period of the taxable year. If the amount of the credit allowed under this subsection for any taxable year shall exceed the eligible taxpayer's tax for such year, the excess shall be treated as an overpayment of tax to be credited or refunded in accordance with the provisions of six hundred eighty-six of this article, provided, however, that no interest shall be paid thereon.

(2) For the purposes of this subsection:

(A) "Eligible taxpayer" shall mean a resident individual as defined in paragraph one of subsection (b) of section six hundred five of this article who, during the taxable year: (i) is not a dependent of another taxpayer pursuant to section one hundred fifty-two of the internal revenue code; and (ii) is not a resident married individual filing a separate return unless such individual meets the conditions in paragraph four of subdivision (e) of section twenty-one of the internal revenue code. Provided, however, where married individuals file a joint federal return, but are required to determine their New York taxes separately pursuant to subsection (b) of section six hundred fifty-one of this article, the credit allowed pursuant to this subsection may only be applied against the tax imposed on the spouse with the lower New York adjusted gross income.

(B) "Qualifying individual" shall mean an individual who: (i) is under the age of thirteen at the close of the taxable year or is physically or mentally incapable of caring for themselves during the taxable year; (ii) resides with the eligible taxpayer for more than one-half of the taxable year; and (iii) is claimed as a dependent pursuant to section one hundred fifty-two of the internal revenue code, or could otherwise be claimed as a dependent. Provided, a qualifying individual shall also include an individual where a noncustodial parent claims such individual under subsection (e) of section one hundred fifty-two of the internal revenue code or the individual is the eligible taxpayer's spouse who is physically or mentally incapable of caring for themselves during the taxable year and resides with the eligible taxpayer for more than one-half of the taxable year.

(C) "Earned income" shall mean the wages, salaries, tips and other employee compensation, and those items of gross income which are includible in the computation of net earnings from self-employment.

(D) (i) "Qualifying expenses" shall mean the sum of the amount incurred and paid in the taxable year directly by an eligible taxpayer for: a. services provided in and about the eligible taxpayer's residence to provide care for any qualifying individual, including such expenses for the room and board of any such caregiver; and b. non-overnight services provided outside of the eligible taxpayer's residence to provide care for any qualifying individual; provided, however, that amounts incurred or paid for which the primary purpose is educational shall not be included.

(ii) Provided, however, "qualifying expenses" shall not include: a. any amounts paid whereby the taxpayer receives reimbursement or are paid from funds provided by a government entity, dependent care account, or other third party; b. any amounts paid to a dependent of the taxpayer for which the taxpayer or the taxpayer's spouse is entitled to a deduction for the taxable year under subsection (c) of section one hundred fifty-one of the internal revenue code; or c. any amounts paid to a child of the taxpayer as defined in paragraph one of subsection (f) of section one hundred fifty-two of the internal revenue code who has not attained the age of nineteen at the close of the taxable year.

(iii) For the purposes of the credit provided pursuant to this subsection, an eligible taxpayer's qualifying expenses shall not exceed:

a. three thousand dollars, in the case of an eligible taxpayer with one qualifying individual;

b. six thousand dollars, in the case of an eligible taxpayer with two qualifying individuals;

c. seven thousand five hundred dollars, in the case of an eligible taxpayer with three qualifying individuals;

d. eight thousand five hundred dollars, in the case of an eligible taxpayer with four qualifying individuals; and

e. nine thousand dollars, in the case of an eligible taxpayer with five or more qualifying individuals.

Provided, further, that an eligible taxpayer's qualifying expenses shall not exceed such eligible taxpayer's earned income as defined in subparagraph (C) of this paragraph, or in the case of a married eligible taxpayer filing a joint return, the lesser of the earned income of each spouse determined separately.

(E) "Applicable percentage" shall mean: (i) fifty-five percent in the case of an eligible taxpayer with a New York adjusted gross income determined pursuant to section six hundred twelve of this article of fifteen thousand dollars or less; or (ii) fifty-five percent reduced by twenty-five hundred thousandths of a percentage point for each dollar of an eligible taxpayer's New York adjusted gross income determined pursuant to section six hundred twelve of this article in excess of fifteen thousand dollars. Provided, however, that the applicable percentage for an eligible taxpayer shall not be reduced below four percent.

(3) The amount of the credit allowed to an eligible taxpayer under this subsection shall be the product of the eligible taxpayer's qualifying expenses determined pursuant to subparagraph (D) of paragraph two of this subsection and the applicable percentage determined pursuant to subparagraph (E) of paragraph two of this subsection.

(4) To be eligible for the credit provided by this subsection, an eligible taxpayer shall provide the following information to the satisfaction of the commissioner: (i) the amount of qualifying expenses; (ii)

identifying information related to the care provider; (iii) identifying information related to the qualifying individual for whom the expenses were incurred; and (iv) any other information as required.

(5) Any references to the internal revenue code in this subsection shall be to the internal revenue code as it existed prior to January first, two thousand twenty-five.

§ 3. Paragraph 3 of subsection (e) of section 697 of the tax law, as amended by chapter 284 of the laws of 2016, is amended to read as follows:

(3) Nothing herein shall be construed to prohibit the department, its officers or employees from furnishing information to the office of temporary and disability assistance relating to the payment of the credit for certain household and dependent care services necessary for gainful employment under subsection (c) of section six hundred six of this article, the New York state child and dependent care credit under subsection (c-2) of section six hundred six of this article, and the earned income credit under subsection (d) of section six hundred six of this article and the enhanced earned income credit under subsection (d-1) of section six hundred six of this article, or pursuant to a local law enacted by a city having a population of one million or more pursuant to subsection (f) of section thirteen hundred ten of this chapter, only to the extent necessary to calculate qualified state expenditures under paragraph seven of subdivision (a) of section four hundred nine of the federal social security act or to document the proper expenditure of federal temporary assistance for needy families funds under section four hundred three of such act. The office of temporary and disability assistance may redisclose such information to the United States department of health and human services only to the extent necessary to calculate such qualified state expenditures or to document the proper expenditure of such federal temporary assistance for needy families funds. Nothing herein shall be construed to prohibit the delivery by the commissioner to a commissioner of jurors, appointed pursuant to section five hundred four of the judiciary law, or, in counties within cities having a population of one million or more, to the county clerk of such county, or to the clerk of the court or jury administrator of a United States district court appointed pursuant to title twenty-eight of the United States Code, section 1836(b)(2), of a mailing list of individuals to whom income tax forms are mailed by the commissioner for the sole purpose of compiling a list of prospective jurors as provided in article sixteen of the judiciary law or title twenty-eight of the United States Code. Provided, however, such delivery shall only be made pursuant to an order of the chief administrator of the courts, appointed pursuant to section two hundred ten of the judiciary law or an order of a chief judge of any United States district court in New York State. No such order may be issued unless such chief administrator or chief judge of such United States district court is satisfied that such mailing list is needed to compile a proper list of prospective jurors for the county or such United States district court for which such order is sought and that, in view of the responsibilities imposed by the various laws of the state on the department, it is reasonable to require the commissioner to furnish such list. Such order shall provide that such list shall be used for the sole purpose of compiling a list of prospective jurors and that such commissioner of jurors, or such county clerk, or clerk of the court or jury administrator of such United States district court shall take all necessary steps to insure that the list is kept confidential and that there is no unauthorized use or disclosure of such list. Further-

more, nothing herein shall be construed to prohibit the delivery to a taxpayer or [~~his or her~~] **their** duly authorized representative of a certified copy of any return or report filed in connection with [~~his or her~~] **their** tax or to prohibit the publication of statistics so classified as to prevent the identification of particular reports or returns and the items thereof, or the inspection by the attorney general or other legal representatives of the state of the report or return of any taxpayer or of any employer filed under section one hundred seventy-one-h of this chapter, where such taxpayer or employer shall bring action to set aside or review the tax based thereon, or against whom an action or proceeding under this chapter or under this chapter and article eighteen of the labor law has been recommended by the commissioner, the commissioner of labor with respect to unemployment insurance matters, or the attorney general or has been instituted, or the inspection of the reports or returns required under this article by the comptroller or duly designated officer or employee of the state department of audit and control, for purposes of the audit of a refund of any tax paid by a taxpayer under this article, or the furnishing to the state department of labor of unemployment insurance information obtained or derived from quarterly combined withholding, wage reporting and unemployment insurance returns required to be filed by employers pursuant to paragraph four of subsection (a) of section six hundred seventy-four of this article, for purposes of administration of such department's unemployment insurance program, employment services program, federal and state employment and training programs, employment statistics and labor market information programs, worker protection programs, federal programs for which the department has administrative responsibility or for other purposes deemed appropriate by the commissioner of labor consistent with the provisions of the labor law, and redisclosure of such information in accordance with the provisions of sections five hundred thirty-six and five hundred thirty-seven of the labor law or any other applicable law, or the furnishing to the state office of temporary and disability assistance of information obtained or derived from New York state personal income tax returns as described in paragraph (b) of subdivision two of section one hundred seventy-one-g of this chapter for the purpose of reviewing support orders enforced pursuant to title six-A of article three of the social services law to aid in the determination of whether such orders should be adjusted, or the furnishing of information obtained from the reports required to be submitted by employers regarding newly hired or re-hired employees pursuant to section one hundred seventy-one-h of this chapter to the state office of temporary and disability assistance, the state department of health, the state department of labor and the workers' compensation board for purposes of administration of the child support enforcement program, verification of individuals' eligibility for one or more of the programs specified in subsection (b) of section eleven hundred thirty-seven of the federal social security act and for other public assistance programs authorized by state law, and administration of the state's employment security and workers' compensation programs, and to the national directory of new hires established pursuant to section four hundred fifty-three-A of the federal social security act for the purposes specified in such section, or the furnishing to the state office of temporary and disability assistance of the amount of an overpayment of income tax and interest thereon certified to the comptroller to be credited against past-due support pursuant to section one hundred seventy-one-c of this chapter and of the name and social securi-

ty number of the taxpayer who made such overpayment, or the disclosing to the commissioner of finance of the city of New York, pursuant to section one hundred seventy-one-l of this chapter, of the amount of an overpayment and interest thereon certified to the comptroller to be credited against a city of New York tax warrant judgment debt and of the name and social security number of the taxpayer who made such overpayment, or the furnishing to the New York state higher education services corporation of the amount of an overpayment of income tax and interest thereon certified to the comptroller to be credited against the amount of a default in repayment of any education loan debt, including judgments, owed to the federal or New York state government that is being collected by the New York state higher education services corporation, and of the name and social security number of the taxpayer who made such overpayment, or the furnishing to the state department of health of the information required by paragraph (f) of subdivision two and subdivision two-a of section two thousand five hundred eleven of the public health law and by subdivision eight of section three hundred sixty-six-a of the social services law, or the furnishing to the state university of New York or the city university of New York respectively or the attorney general on behalf of such state or city university the amount of an overpayment of income tax and interest thereon certified to the comptroller to be credited against the amount of a default in repayment of a state university loan pursuant to section one hundred seventy-one-e of this chapter and of the name and social security number of the taxpayer who made such overpayment, or the disclosing to a state agency, pursuant to section one hundred seventy-one-f of this chapter, of the amount of an overpayment and interest thereon certified to the comptroller to be credited against a past-due legally enforceable debt owed to such agency and of the name and social security number of the taxpayer who made such overpayment, or the furnishing of employee and employer information obtained through the wage reporting system, pursuant to section one hundred seventy-one-a of this chapter, as added by chapter five hundred forty-five of the laws of nineteen hundred seventy-eight, to the state office of temporary and disability assistance, the department of health or to the state office of the medicaid inspector general for the purpose of verifying eligibility for and entitlement to amounts of benefits under the social services law or similar law of another jurisdiction, locating absent parents or other persons legally responsible for the support of applicants for or recipients of public assistance and care under the social services law and persons legally responsible for the support of a recipient of services under section one hundred eleven-g of the social services law and, in appropriate cases, establishing support obligations pursuant to the social services law and the family court act or similar provision of law of another jurisdiction for the purpose of evaluating the effect on earnings of participation in employment, training or other programs designed to promote self-sufficiency authorized pursuant to the social services law by current recipients of public assistance and care and by former applicants and recipients of public assistance and care, (except that with regard to former recipients, information which relates to a particular former recipient shall be provided with client identifying data deleted), to the state office of temporary and disability assistance for the purpose of determining the eligibility of any child in the custody, care and custody or custody and guardianship of a local social services district or of the office of children and family services for federal payments for foster care and adoption assistance pursuant to the provisions of title IV-E of the

federal social security act by providing information with respect to the parents, the stepparents, the child and the siblings of the child who were living in the same household as such child during the month that the court proceedings leading to the child's removal from the household were initiated, or the written instrument transferring care and custody of the child pursuant to the provisions of section three hundred fifty-eight-a or three hundred eighty-four-a of the social services law was signed, provided however that the office of temporary and disability assistance shall only use the information obtained pursuant to this subdivision for the purpose of determining the eligibility of such child for federal payments for foster care and adoption assistance pursuant to the provisions of title IV-E of the federal social security act, and to the state department of labor, or other individuals designated by the commissioner of labor, for the purpose of the administration of such department's unemployment insurance program, employment services program, federal and state employment and training programs, employment statistics and labor market information programs, worker protection programs, federal programs for which the department has administrative responsibility or for other purposes deemed appropriate by the commissioner of labor consistent with the provisions of the labor law, and redisclosure of such information in accordance with the provisions of sections five hundred thirty-six and five hundred thirty-seven of the labor law, or the furnishing of information, which is obtained from the wage reporting system operated pursuant to section one hundred seventy-one-a of this chapter, as added by chapter five hundred forty-five of the laws of nineteen hundred seventy-eight, to the state office of temporary and disability assistance so that it may furnish such information to public agencies of other jurisdictions with which the state office of temporary and disability assistance has an agreement pursuant to paragraph (h) or (i) of subdivision three of section twenty of the social services law, and to the state office of temporary and disability assistance for the purpose of fulfilling obligations and responsibilities otherwise incumbent upon the state department of labor, under section one hundred twenty-four of the federal family support act of nineteen hundred eighty-eight, by giving the federal parent locator service, maintained by the federal department of health and human services, prompt access to such information as required by such act, or to the state department of health to verify eligibility under the child health insurance plan pursuant to subdivisions two and two-a of section two thousand five hundred eleven of the public health law, to verify eligibility under the medical assistance and family health plus programs pursuant to subdivision eight of section three hundred sixty-six-a of the social services law, and to verify eligibility for the program for elderly pharmaceutical insurance coverage under title three of article two of the elder law, or to the office of vocational and educational services for individuals with disabilities of the education department, the commission for the blind and any other state vocational rehabilitation agency, for purposes of obtaining reimbursement from the federal social security administration for expenditures made by such office, commission or agency on behalf of disabled individuals who have achieved economic self-sufficiency or to the higher education services corporation for the purpose of assisting the corporation in default prevention and default collection of education loan debt, including judgments, owed to the federal or New York state government; provided, however, that such information shall be limited to the names, social security numbers, home and/or business addresses, and employer names of

defaulted or delinquent student loan borrowers, or to the office of the state comptroller for purposes of verifying the income of a retired member of a retirement system or pension plan administered by the state or any of its political subdivisions who returns to public employment.

Provided, however, that with respect to employee information the office of temporary and disability assistance shall only be furnished with the names, social security account numbers and gross wages of those employees who are (A) applicants for or recipients of benefits under the social services law, or similar provision of law of another jurisdiction (pursuant to an agreement under subdivision three of section twenty of the social services law) or, (B) absent parents or other persons legally responsible for the support of applicants for or recipients of public assistance and care under the social services law or similar provision of law of another jurisdiction (pursuant to an agreement under subdivision three of section twenty of the social services law), or (C) persons legally responsible for the support of a recipient of services under section one hundred eleven-g of the social services law or similar provision of law of another jurisdiction (pursuant to an agreement under subdivision three of section twenty of the social services law), or (D) employees about whom wage reporting system information is being furnished to public agencies of other jurisdictions, with which the state office of temporary and disability assistance has an agreement pursuant to paragraph (h) or (i) of subdivision three of section twenty of the social services law, or (E) employees about whom wage reporting system information is being furnished to the federal parent locator service, maintained by the federal department of health and human services, for the purpose of enabling the state office of temporary and disability assistance to fulfill obligations and responsibilities otherwise incumbent upon the state department of labor, under section one hundred twenty-four of the federal family support act of nineteen hundred eighty-eight, and, only if, the office of temporary and disability assistance certifies to the commissioner that such persons are such applicants, recipients, absent parents or persons legally responsible for support or persons about whom information has been requested by a public agency of another jurisdiction or by the federal parent locator service and further certifies that in the case of information requested under agreements with other jurisdictions entered into pursuant to subdivision three of section twenty of the social services law, that such request is in compliance with any applicable federal law. Provided, further, that where the office of temporary and disability assistance requests employee information for the purpose of evaluating the effects on earnings of participation in employment, training or other programs designed to promote self-sufficiency authorized pursuant to the social services law, the office of temporary and disability assistance shall only be furnished with the quarterly gross wages (excluding any reference to the name, social security number or any other information which could be used to identify any employee or the name or identification number of any employer) paid to employees who are former applicants for or recipients of public assistance and care and who are so certified to the commissioner by the commissioner of the office of temporary and disability assistance. Provided, further, that with respect to employee information, the department of health shall only be furnished with the information required pursuant to the provisions of paragraph (f) of subdivision two and subdivision two-a of section two thousand five hundred eleven of the public health law and subdivision eight of section three hundred sixty-six-a of the social services law, with respect to

those individuals whose eligibility under the child health insurance plan, medical assistance program, and family health plus program is to be determined pursuant to such provisions and with respect to those members of any such individual's household whose income affects such individual's eligibility and who are so certified to the commissioner or by the department of health. Provided, further, that wage reporting information shall be furnished to the office of vocational and educational services for individuals with disabilities of the education department, the commission for the blind and any other state vocational rehabilitation agency only if such office, commission or agency, as applicable, certifies to the commissioner that such information is necessary to obtain reimbursement from the federal social security administration for expenditures made on behalf of disabled individuals who have achieved self-sufficiency. Reports and returns shall be preserved for three years and thereafter until the commissioner orders them to be destroyed.

§ 4. This act shall take effect immediately.

PART B

Section 1. Subsection (c) of section 612 of the tax law is amended by adding a new paragraph 48 to read as follows:

(48) For taxable years beginning on or after January first, two thousand twenty-six, an amount of up to twenty-five thousand dollars to the extent allowed as a federal deduction pursuant to section two hundred twenty-four of the internal revenue code.

§ 2. This act shall take effect immediately.

PART C

Section 1. Subsection (g) of section 615 of the tax law, as amended by section 1 of part Q of chapter 59 of the laws of 2019, paragraph 2 as amended by section 1 of part A of chapter 59 of the laws of 2024, is amended to read as follows:

(g) Notwithstanding subsection (a) of this section, the New York itemized deduction for charitable contributions shall be the amount allowed under section one hundred seventy of the internal revenue code **or the amount allowable pursuant to paragraph three of this subsection**, as modified by paragraph nine of subsection (c) of this section and as limited by this subsection. (1) With respect to an individual whose New York adjusted gross income is over one million dollars and no more than ten million dollars, the New York itemized deduction shall be an amount equal to fifty percent of any charitable contribution deduction allowed under section one hundred seventy of the internal revenue code **or allowable pursuant to paragraph three of this subsection** for taxable years beginning after two thousand nine and before two thousand twenty-five. With respect to an individual whose New York adjusted gross income is over one million dollars, the New York itemized deduction shall be an amount equal to fifty percent of any charitable contribution deduction allowed under section one hundred seventy of the internal revenue code **or allowable pursuant to paragraph three of this subsection** for taxable years beginning in two thousand nine or after two thousand twenty-four.

(2) With respect to an individual whose New York adjusted gross income is over ten million dollars, the New York itemized deduction shall be an amount equal to twenty-five percent of any charitable contribution deduction allowed under section one hundred seventy of the internal

revenue code **or allowable pursuant to paragraph three of this subsection** for taxable years beginning after two thousand nine and ending before two thousand thirty.

(3) Contributions to an organization that meets the definition of an exempt organization under paragraph four of subdivision (a) of section eleven hundred sixteen of this chapter or to organizations that have applied for, and were approved for tax-exempt status under subsection (c) of section five hundred one of the internal revenue code by the internal revenue service before January first, two thousand twenty-five, will continue to qualify as charitable contributions allowable as a New York itemized deduction under this subsection, to the extent otherwise allowable under section one hundred seventy of the internal revenue code, even if the internal revenue service revokes such organization's tax-exempt status, so long as the organization establishes that the revocation was unrelated to the organization's charitable mission and that it continues to meet the statutory requirements of paragraph three of subsection (c) of section five hundred one of the internal revenue code and the regulations and authorities promulgated thereunder.

§ 2. This act shall take effect immediately and shall apply to taxable years beginning on or after January 1, 2026.

PART D

Section 1. Paragraph (c) of section 42 of the tax law, as amended by section 1 of part N of chapter 59 of the laws of 2019, is amended to read as follows:

(c) For purposes of this section, the term "eligible farmer" [~~means a taxpayer whose federal gross income from farming as defined~~] **shall have the same meaning as set forth** in subsection (n) of section six hundred six of this chapter [~~for the taxable year is at least two-thirds of excess federal gross income. Excess federal gross income means the amount of federal gross income from all sources for the taxable year in excess of thirty thousand dollars. For purposes of this section, payments from the state's farmland protection program, administered by the department of agriculture and markets, shall be included as federal gross income from farming for otherwise eligible farmers~~].

§ 2. Paragraph (b) of section 42-a of the tax law, as amended by section 2 of part KK of chapter 59 of the laws of 2025, is amended to read as follows:

(b) For purposes of this section, the term "eligible farm employer" means a taxpayer who received an overtime expense certificate pursuant to section three hundred thirty-five of the agriculture and markets law and [~~whose federal gross income from farming~~] **who is an eligible farmer,** as defined in subsection (n) of section six hundred six of this chapter for the taxable year [~~is at least two-thirds of excess federal gross income. Excess federal gross income means the amount of federal gross income from all sources for the taxable year in excess of thirty thousand dollars. For purposes of this section, payments from the state's farmland protection program, administered by the department of agriculture and markets, shall be included as federal gross income from farming for otherwise eligible farmers~~].

§ 3. Subdivision 11 of section 210-B of the tax law is amended by adding a new paragraph (a-1) to read as follows:

(a-1) New York gross income from farming. For purposes of this subdivision, the term "New York gross income from farming" means a taxpayer's federal gross income from farming, plus payments from the state's farm-

land protection program, administered by the department of agriculture and markets, income from a commercial horse boarding operation as defined by subdivision thirteen of section three hundred one of the agriculture and markets law, and income from the production or sale of maple syrup, Christmas trees, and cider or wine from a licensed New York state farm cidery or winery, as provided for in section fifty-eight-c and article six of the alcoholic beverage control law.

§ 4. Paragraph (b) of subdivision 11 of section 210-B of the tax law, as added by section 17 of part A of chapter 59 of the laws of 2014, is amended to read as follows:

(b) Eligible farmer. For purposes of this subdivision, the term "eligible farmer" means a taxpayer whose [~~federal~~] New York gross income from farming for the taxable year, or whose average New York gross income from farming for the current year and two prior taxable years, is at least two-thirds of [~~excess~~] such taxpayer's federal gross income from all sources less thirty thousand dollars. The term "eligible farmer" also includes a corporation other than the taxpayer of record for qualified agricultural land which has paid the school district property taxes on such land pursuant to a contract for the future purchase of such land; provided that such corporation [~~has a federal gross income from farming for the taxable year which is at least two-thirds of excess federal gross income; and provided further that, in determining such income eligibility, a taxpayer may, for any taxable year, use the average of such federal gross income from farming for that taxable year and such income for the two consecutive taxable years immediately preceding such taxable year. Excess federal gross income means the amount of federal gross income from all sources for the taxable year in excess of thirty thousand dollars. For the purposes of this paragraph, payments from the state's farmland protection program, administered by the department of agriculture and markets, shall be included as federal gross income from farming for otherwise eligible farmers~~] meets the definition of eligible farmer pursuant to this paragraph.

§ 5. Paragraph (i) of subdivision 11 of section 210-B of the tax law is REPEALED.

§ 6. Paragraph (b) of subdivision 52 of section 210-B of the tax law, as added by section 4 of part DDD of chapter 59 of the laws of 2017, is amended to read as follows:

(b) Eligible farmer. For purposes of this subdivision, the term "eligible farmer" [~~means a taxpayer whose federal gross income from farming for the taxable year is at least two-thirds of excess federal gross income. Excess federal gross income means the amount of federal gross income from all sources for the taxable year in excess of thirty thousand dollars. For purposes of this paragraph, payments from the state's farmland protection program, administered by the department of agriculture and markets, shall be included as federal gross income from farming for otherwise eligible farmers~~] shall have the same meaning as set forth subdivision eleven of this section.

§ 7. Subsection (n) of section 606 of the tax law is amended by adding a new paragraph 1-a to read as follows:

(1-a) New York gross income from farming. For purposes of this subsection, the term "New York gross income from farming" means a taxpayer's federal gross income from farming, plus payments from the state's farmland protection program, administered by the department of agriculture and markets, income from a commercial horse boarding operation as defined by subdivision thirteen of section three hundred one of the agriculture and markets law, and income from the production or sale

of maple syrup, Christmas trees, and cider or wine from a licensed New York state farm cidery or winery, as provided for in section fifty-eight-c and article six of the alcoholic beverage control law.

§ 8. Paragraph 2 of subsection (n) of section 606 of the tax law, as amended by chapter 297 of the laws of 2010, is amended to read as follows:

(2) Eligible farmer. For purposes of this subsection, the term "eligible farmer" means a taxpayer whose [~~federal~~] New York gross income from farming for the taxable year, or whose average New York gross income from farming for the current year and two prior taxable years, is at least two-thirds of [~~excess~~] such taxpayer's federal gross income from all sources less thirty thousand dollars. The term "eligible farmer" also includes an individual other than the taxpayer of record for qualified agricultural land who has paid the school district property taxes on such land pursuant to a contract for the future purchase of such land; provided that such individual [~~has a federal gross income from farming for the taxable year which is at least two-thirds of excess federal gross income; and provided further that, in determining such income eligibility, a taxpayer may, for any taxable year, use the average of such federal gross income from farming for that taxable year and such income for the two consecutive taxable years immediately preceding such taxable year. Excess federal gross income means the amount of federal gross income from all sources for the taxable year reduced by the sum (not to exceed thirty thousand dollars) of those items included in federal gross income which consist of (i) earned income, (ii) pension payments, including social security payments, (iii) interest, and (iv) dividends. For purposes of this paragraph, the term "earned income" shall mean wages, salaries, tips and other employee compensation, and those items of gross income which are includible in the computation of net earnings from self-employment. For the purposes of this paragraph, payments from the state's farmland protection program, administered by the department of agriculture and markets, shall be included as federal gross income from farming for otherwise eligible farmers~~] meets the definition of "eligible farmer" pursuant to this paragraph.

§ 9. Paragraph 8 of subsection (n) of section 606 of the tax law is REPEALED.

§ 10. Paragraph 2 of subsection (n-2) of section 606 of the tax law, as added by section 1 of part DDD of chapter 59 of the laws of 2017, is amended to read as follows:

(2) Eligible farmer. For purposes of this subsection, the term "eligible farmer" [~~means a taxpayer whose federal gross income from farming for the taxable year is at least two-thirds of excess federal gross income. Excess federal gross income means the amount of federal gross income from all sources for the taxable year reduced by the sum (not to exceed thirty thousand dollars) of those items included in federal gross income that consist of: (i) earned income, (ii) pension payments, including social security payments, (iii) interest, and (iv) dividends. For purposes of this paragraph, the term "earned income" shall mean wages, salaries, tips and other employee compensation, and those items of gross income that are includible in the computation of net earnings from self-employment. For the purposes of this paragraph, payments from the state's farmland protection program, administered by the department of agriculture and markets, shall be included as federal gross income from farming for otherwise eligible farmers~~] shall have the same meaning as set forth in subsection (n) of this section.

§ 11. This act shall take effect immediately and shall apply to taxable years beginning on or after January 1, 2026.

PART E

Section 1. The opening paragraph of paragraph (a) of subdivision 1 of section 210 of the tax law, as amended by section 1 of subpart A of part I of chapter 59 of the laws of 2023, is amended to read as follows:

For taxable years beginning before January first, two thousand sixteen, the amount prescribed by this paragraph shall be computed at the rate of seven and one-tenth percent of the taxpayer's business income base. For taxable years beginning on or after January first, two thousand sixteen, the amount prescribed by this paragraph shall be six and one-half percent of the taxpayer's business income base. For taxable years beginning on or after January first, two thousand twenty-one and before January first, two thousand [~~twenty-seven~~] **thirty** for any taxpayer with a business income base for the taxable year of more than five million dollars, the amount prescribed by this paragraph shall be seven and one-quarter percent of the taxpayer's business income base. The taxpayer's business income base shall mean the portion of the taxpayer's business income apportioned within the state as hereinafter provided. However, in the case of a small business taxpayer, as defined in paragraph (f) of this subdivision, the amount prescribed by this paragraph shall be computed pursuant to subparagraph (iv) of this paragraph and in the case of a manufacturer, as defined in subparagraph (vi) of this paragraph, the amount prescribed by this paragraph shall be computed pursuant to subparagraph (vi) of this paragraph, and, in the case of a qualified emerging technology company, as defined in subparagraph (vii) of this paragraph, the amount prescribed by this paragraph shall be computed pursuant to subparagraph (vii) of this paragraph.

§ 2. Subparagraph 1 of paragraph (b) of subdivision 1 of section 210 of the tax law, as amended by section 2 of subpart A of part I of chapter 59 of the laws of 2023, is amended to read as follows:

(1) (i) The amount prescribed by this paragraph shall be computed at .15 percent for each dollar of the taxpayer's total business capital, or the portion thereof apportioned within the state as hereinafter provided for taxable years beginning before January first, two thousand sixteen. However, in the case of a cooperative housing corporation as defined in the internal revenue code, the applicable rate shall be .04 percent until taxable years beginning on or after January first, two thousand twenty and zero percent for taxable years beginning on or after January first, two thousand twenty-one. The rate of tax for subsequent tax years shall be as follows: .125 percent for taxable years beginning on or after January first, two thousand sixteen and before January first, two thousand seventeen; .100 percent for taxable years beginning on or after January first, two thousand seventeen and before January first, two thousand eighteen; .075 percent for taxable years beginning on or after January first, two thousand eighteen and before January first, two thousand nineteen; .050 percent for taxable years beginning on or after January first, two thousand nineteen and before January first, two thousand twenty; .025 percent for taxable years beginning on or after January first, two thousand twenty and before January first, two thousand twenty-one; and .1875 percent for years beginning on or after January first, two thousand twenty-one and before January first, two thousand [~~twenty-seven~~] **thirty**, and zero percent for taxable years beginning on or after January first, two thousand [~~twenty-seven~~] **thirty**.

Provided however, for taxable years beginning on or after January first, two thousand twenty-one, the rate of tax for a small business as defined in paragraph (f) of this subdivision shall be zero percent. The rate of tax for a qualified New York manufacturer shall be .132 percent for taxable years beginning on or after January first, two thousand fifteen and before January first, two thousand sixteen, .106 percent for taxable years beginning on or after January first, two thousand sixteen and before January first, two thousand seventeen, .085 percent for taxable years beginning on or after January first, two thousand seventeen and before January first, two thousand eighteen; .056 percent for taxable years beginning on or after January first, two thousand eighteen and before January first, two thousand nineteen; .038 percent for taxable years beginning on or after January first, two thousand nineteen and before January first, two thousand twenty; .019 percent for taxable years beginning on or after January first, two thousand twenty and before January first, two thousand twenty-one; and zero percent for years beginning on or after January first, two thousand twenty-one. (ii) In no event shall the amount prescribed by this paragraph exceed three hundred fifty thousand dollars for qualified New York manufacturers and for all other taxpayers five million dollars.

§ 3. This act shall take effect immediately.

PART F

Section 1. Paragraph (a) of subdivision 9 of section 208 of the tax law is amended by adding three new subparagraphs 24, 25 and 26 to read as follows:

(24) For taxable years beginning on or after January first, two thousand twenty-five, in the case of qualified production property described in paragraph two of subsection (n) of section one hundred sixty-eight of the internal revenue code, the amount of any deduction allowed pursuant to subsection (a) of section one hundred sixty-seven of the internal revenue code as if the taxpayer has not made an election pursuant to subsection (n) of section one hundred sixty-eight of the internal revenue code.

(25) For taxable years beginning on or after January first, two thousand twenty-five, the amount of any foreign and domestic research or experimental expenditures, as defined in sections one hundred seventy-four and 174A of the internal revenue code, paid or incurred in each taxable year on and after January first, two thousand twenty-five, amortized over a sixty-month period as if the election in subsection (c) of section 174A of the internal revenue code applied to such foreign and domestic research or experimental expenditures.

(26) For taxable years beginning on or after January first, two thousand twenty-five, the remaining amount of any foreign and domestic research or experimental expenditures, as defined in sections one hundred seventy-four and 174A of the internal revenue code, paid or incurred prior to January first, two thousand twenty-five, determined as if section one hundred seventy-four of the internal revenue code in effect as of January first, two thousand twenty-two, applied to such expenditures.

§ 2. Paragraph (b) of subdivision 9 of section 208 of the tax law is amended by adding two new subparagraphs 28 and 29 to read as follows:

(28) For taxable years beginning on or after January first, two thousand twenty-five, in the case of qualified production property described in paragraph two of subsection (n) of section one hundred sixty-eight of

the internal revenue code, any amount which the taxpayer claimed as a deduction under subsection (a) of section one hundred sixty-seven of the internal revenue code that included an allowance solely as a result of an election made pursuant to subsection (n) of section one hundred sixty-eight of the internal revenue code.

(29) For taxable years beginning on or after January first, two thousand twenty-five, any amount claimed as a deduction under sections one hundred seventy-four and 174A of the internal revenue code in effect as of January first, two thousand twenty-five, and any amount claimed as a deduction pursuant to federal Public Law 119-21, title VII, section 70302(f)(2)(a), for foreign and domestic research or experimental expenditures, as defined in sections one hundred seventy-four and 174A of the internal revenue code.

§ 3. Subsection (b) of section 612 of the tax law is amended by adding two new paragraphs 44 and 45 to read as follows:

(44) For taxable years beginning on or after January first, two thousand twenty-five, in the case of qualified production property described in paragraph two of subsection (n) of section one hundred sixty-eight of the internal revenue code, any amount which the taxpayer claimed as a deduction under subsection (a) of section one hundred sixty-seven of the internal revenue code that included an allowance solely as a result of an election made pursuant to subsection (n) of section one hundred sixty-eight of the internal revenue code.

(45) For taxable years beginning on or after January first, two thousand twenty-five, any amount claimed as a deduction under sections one hundred seventy-four and 174A of the internal revenue code in effect as of January first, two thousand twenty-five, and any amount claimed as a deduction pursuant to federal Public Law 119-21, title VII, section 70302(f)(2)(a), for foreign and domestic research or experimental expenditures, as defined in sections one hundred seventy-four and 174A of the internal revenue code.

§ 4. Subsection (c) of section 612 of the tax law is amended by adding three new paragraphs 48, 49 and 50 to read as follows:

(48) For taxable years beginning on or after January first, two thousand twenty-five, in the case of qualified production property described in paragraph two of subsection (n) of section one hundred sixty-eight of the internal revenue code, the amount of any deduction allowed pursuant to subsection (a) of section one hundred sixty-seven of the internal revenue code as if the taxpayer has not made an election pursuant to subsection (n) of section one hundred sixty-eight of the internal revenue code.

(49) For taxable years beginning on or after January first, two thousand twenty-five, the amount of any foreign and domestic research or experimental expenditures, as defined in sections one hundred seventy-four and 174A of the internal revenue code, paid or incurred in each taxable year on and after January first, two thousand twenty-five, amortized over a sixty-month period as if the election in subsection (c) of section 174A of the internal revenue code applied to such foreign and domestic research or experimental expenditures.

(50) For taxable years beginning on or after January first, two thousand twenty-five, the remaining amount of any foreign and domestic research or experimental expenditures, as defined in sections one hundred seventy-four and 174A of the internal revenue code, paid or incurred prior to January first, two thousand twenty-five, determined as if section one hundred seventy-four of the internal revenue code in

effect as of January first, two thousand twenty-two, applied to such expenditures.

§ 5. Paragraph 1 of subdivision (b) of section 1503 of the tax law is amended by adding three new subparagraphs (X), (Y) and (Z) to read as follows:

(X) For taxable years beginning on or after January first, two thousand twenty-five, in the case of qualified production property described in paragraph two of subsection (n) of section one hundred sixty-eight of the internal revenue code, the amount of any deduction allowed pursuant to subsection (a) of section one hundred sixty-seven of the internal revenue code as if the taxpayer has not made an election pursuant to subsection (n) of section one hundred sixty-eight of the internal revenue code.

(Y) For taxable years beginning on or after January first, two thousand twenty-five, the amount of any foreign and domestic research or experimental expenditures, as defined in sections one hundred seventy-four and 174A of the internal revenue code, paid or incurred in each taxable year on and after January first, two thousand twenty-five, amortized over a sixty-month period as if the election in subsection (c) of section 174A of the internal revenue code applied to such foreign and domestic research or experimental expenditures.

(Z) For taxable years beginning on or after January first, two thousand twenty-five, the remaining amount of any foreign and domestic research or experimental expenditures, as defined in sections one hundred seventy-four and 174A of the internal revenue code, paid or incurred prior to January first, two thousand twenty-five, determined as if section one hundred seventy-four of the internal revenue code in effect as of January first, two thousand twenty-two, applied to such expenditures.

§ 6. Paragraph 2 of subdivision (b) of section 1503 of the tax law is amended by adding two new subparagraphs (AA) and (BB) to read as follows:

(AA) For taxable years beginning on or after January first, two thousand twenty-five, in the case of qualified production property described in paragraph two of subsection (n) of section one hundred sixty-eight of the internal revenue code, any amount which the taxpayer claimed as a deduction under subsection (a) of section one hundred sixty-seven of the internal revenue code that included an allowance solely as a result of an election made pursuant to subsection (n) of section one hundred sixty-eight of the internal revenue code.

(BB) For taxable years beginning on or after January first, two thousand twenty-five, any amount claimed as a deduction under sections one hundred seventy-four and 174A of the internal revenue code in effect as of January first, two thousand twenty-five, and any amount claimed as a deduction pursuant to federal Public Law 119-21, title VII, section 70302(f)(2)(a), for foreign and domestic research or experimental expenditures, as defined in sections one hundred seventy-four and 174A of the internal revenue code.

§ 7. This act shall take effect immediately, and shall apply to tax years beginning on or after January 1, 2025.

PART G

Section 1. Subdivision (b) of section 11-506 of the administrative code of the city of New York is amended by adding four new paragraphs 19, 20, 21 and 22 to read as follows:

(19) For taxable years beginning after December thirty-first, two thousand twenty-four, the amount allowed as an exclusion or deduction in determining federal gross income of any depreciation of qualified production property described in subsection (n) of section one hundred sixty-eight of the internal revenue code. For the purposes of this chapter, such property shall not be treated as section 1245 property as described in section twelve hundred forty-five of the internal revenue code.

(20) For taxable years beginning after December thirty-first, two thousand twenty-four, the amount allowed as an exclusion or deduction in determining federal gross income pursuant to subsection (a) of section one hundred seventy-nine of the internal revenue code.

(21) For taxable years beginning after December thirty-first, two thousand twenty-four, the amount allowed as an exclusion or deduction in determining federal gross income for domestic research or experimental expenditures pursuant to section one hundred seventy-four-A of the internal revenue code.

(22) For taxable years beginning on or after January first, two thousand twenty-five, the increase in the amount allowed as a federal interest deduction pursuant to section one hundred sixty-three of the internal revenue code attributable to additional adjusted taxable income that is attributable to depreciation, amortization, or depletion. For the purposes of this subdivision, "additional adjusted taxable income that is attributable to depreciation, amortization, or depletion" means the difference between the amount of adjusted taxable income computed pursuant to paragraph eight of subsection (j) of section one hundred sixty-three of the internal revenue code and such amount calculated without regard to clause (v) of subparagraph (A) of such paragraph.

§ 2. Paragraph (c) of section 11-506 of the administrative code of the city of New York is amended by adding three new paragraphs 14, 15 and 16 to read as follows:

(14) For taxable years beginning after December thirty-first, two thousand twenty-four, for taxpayers that have made an election pursuant to paragraph six of subsection (n) of section one hundred sixty-eight of the internal revenue code with respect to any qualified production property as defined in such subsection, the amount allowed as an exclusion or deduction in determining federal gross income of any depreciation of such qualified production property, pursuant to subsection (a) of section one hundred sixty-seven of such code so that the depreciation deduction and adjusted basis reduction or any other deduction or exclusion allowed by subsection (n) of section one hundred sixty-eight of such code shall not apply.

(15) For taxable years beginning after December thirty-first, two thousand twenty-four, the amount allowed as an exclusion or deduction in determining federal gross income pursuant to subsection (a) of section one hundred seventy-nine of the internal revenue code subject to the dollar limitations in paragraphs one and two of subsection (b) of such section that were in effect for the last tax year beginning before January first, two thousand twenty-five, adjusted in accordance with paragraph six of such subsection using the amounts in paragraphs one and two that were in effect for such tax year and, for the purposes of applying clause (ii) of subparagrah (A) of paragraph three of subsection (f) of section one of the internal revenue code, substituting "calendar year 2017" for "calendar year 2016".

(16) For taxable years beginning after December thirty-first, two thousand twenty-four, the amount allowed as an exclusion or deduction in

determining federal gross income for domestic research or experimental expenditures pursuant to section one hundred seventy-four-A of the internal revenue code, provided that such exclusion or deduction is calculated in the same manner as an exclusion or deduction for a foreign research or experimental expenditure described in section one hundred seventy-four of such code, except that the amortization deduction of such expenditures shall be rated over the five-year period beginning with the midpoint of the taxable year in which such expenditures are paid or incurred.

§ 3. Paragraph (a) of subdivision 8 of section 11-602 of the administrative code of the city of New York is amended by adding three new subparagraphs 18, 19 and 20 to read as follows:

(18) for taxable years beginning after December thirty-first, two thousand twenty-four, for taxpayers that have made an election pursuant to paragraph six of subsection (n) of section one hundred sixty-eight of the internal revenue code with respect to any qualified production property defined in such subsection, the amount allowed as an exclusion or deduction in determining federal taxable income of any depreciation of such qualified production property, pursuant to subsection (a) of section one hundred sixty-seven of such code so that the depreciation deduction and adjusted basis reduction or any other deduction or exclusion allowed by subsection (n) of section one hundred sixty-eight of such code shall not apply.

(19) for taxable years beginning after December thirty-first, two thousand twenty-four, the amount allowed as an exclusion or deduction in determining federal taxable income pursuant to subsection (a) of section one hundred seventy-nine of the internal revenue code subject to the dollar limitations in paragraphs one and two of subsection (b) of such section that were in effect for the last tax year beginning before January first, two thousand twenty-five, adjusted in accordance with paragraph six of such subsection using the amounts in paragraphs one and two that were in effect for such tax year and, for the purposes of applying clause (ii) of subparagraph (A) of paragraph three of subsection (f) of section one of the internal revenue code, substituting "calendar year 2017" for "calendar year 2016".

(20) for taxable years beginning after December thirty-first, two thousand twenty-four, the amount allowed as an exclusion or deduction in determining federal taxable income for domestic research or experimental expenditures pursuant to section one hundred seventy-four-A of the internal revenue code, provided that such exclusion or deduction is calculated in the same manner as an exclusion or deduction for a foreign research or experimental expenditure described in section one hundred seventy-four of such code, except that the amortization deduction of such expenditures shall be rated over the five-year period beginning with the midpoint of the taxable year in which such expenditures are paid or incurred.

§ 4. Paragraph (b) of subdivision 8 of section 11-602 of the administrative code of the city of New York is amended by adding four new subparagraphs 23, 24, 25 and 26 to read as follows:

(23) For taxable years beginning after December thirty-first, two thousand twenty-four, the amount allowed as an exclusion or deduction in determining federal taxable income of any depreciation of qualified production property described in subsection (n) of section one hundred sixty-eight of the internal revenue code. For the purposes of this subchapter, such property shall not be treated as section 1245 property

as described in section one thousand two hundred forty-five of the internal revenue code.

(24) For taxable years beginning after December thirty-first, two thousand twenty-four, the amount allowed as an exclusion or deduction in determining federal taxable income pursuant to subsection (a) of section one hundred seventy-nine of the internal revenue code.

(25) For taxable years beginning after December thirty-first, two thousand twenty-four, the amount allowed as an exclusion or deduction in determining federal taxable income for domestic research or experimental expenditures pursuant to section one hundred seventy-four-A of the internal revenue code.

(26) For taxable years beginning on or after January first, two thousand twenty-five, the increase in the amount allowed as a federal interest deduction pursuant to section one hundred sixty-three of the internal revenue code attributable to additional adjusted taxable income that is attributable to depreciation, amortization, or depletion. For the purposes of this subdivision, "additional adjusted taxable income that is attributable to depreciation, amortization, or depletion" means the difference between the amount of adjusted taxable income computed pursuant to paragraph eight of subsection (j) of section one hundred sixty-three of the internal revenue code and such amount calculated without regard to clause (v) of subparagraph (A) of such paragraph.

§ 5. Clause (E) of subparagraph (2) of paragraph (a) of subdivision 3 of section 11-604 of the administrative code of the city of New York, as added by chapter 59 of the laws of 2019, is amended to read as follows:

(E) notwithstanding any other provision of this paragraph, [~~net global intangible low-taxed income shall be included in the receipts fraction as provided in this clause. Receipts constituting net global intangible low-taxed income~~] the amount required to be included in the taxpayer's federal gross income pursuant to subsection (a) of section 951A of the internal revenue code less the amount of the deduction allowed under clause (i) of section 250(a)(1)(B) of such code shall not be included in the numerator of the receipts fraction. [~~Receipts constituting net global intangible low-taxed income~~] The amount required to be included in the taxpayer's federal gross income pursuant to subsection (a) of section 951A of the internal revenue code less the amount of the deduction allowed under clause (i) of section 250(a)(1)(B) of such code shall be included in the denominator of the receipts fraction. [~~For purposes of this clause, the term "net global intangible low-taxed income" means the amount that would have been required to be included in the taxpayer's federal gross income pursuant to subsection (a) of section 951A of the internal revenue code less the amount of the deduction that would have been allowed under clause (i) of section 250(a)(1)(B) of such code if the taxpayer had not made an election under subchapter s of chapter one of the internal revenue code~~] For any taxable year, such amount shall be calculated pursuant to such provisions of the internal revenue code provisions as in effect in such taxable year.

§ 6. Subdivision (b) of section 11-641 of the administrative code of the city of New York is amended by adding four new paragraphs 18, 19, 20 and 21 to read as follows:

(18) For taxable years beginning after December thirty-first, two thousand twenty-four, the amount allowed as an exclusion or deduction in determining federal taxable income of any depreciation of qualified production property described in subsection (n) of section one hundred sixty-eight of the internal revenue code. For the purposes of this subchapter, such property shall not be treated as section 1245 property

as described in section one thousand two hundred forty-five of the internal revenue code.

(19) For taxable years beginning after December thirty-first, two thousand twenty-four, the amount allowed as an exclusion or deduction in determining federal taxable income pursuant to subsection (a) of section one hundred seventy-nine of the internal revenue code.

(20) For taxable years beginning after December thirty-first, two thousand twenty-four, the amount allowed as an exclusion or deduction in determining federal taxable income for domestic research or experimental expenditures pursuant to section one hundred seventy-four-A of the internal revenue code.

(21) For taxable years beginning on or after January first, two thousand twenty-five, the increase in the amount allowed as a federal interest deduction pursuant to section one hundred sixty-three of the internal revenue code attributable to additional adjusted taxable income that is attributable to depreciation, amortization, or depletion. For the purposes of this subdivision, "additional adjusted taxable income that is attributable to depreciation, amortization, or depletion" means the difference between the amount of adjusted taxable income computed pursuant to paragraph eight of subsection (j) of section one hundred sixty-three of the internal revenue code and such amount calculated without regard to clause (v) of subparagraph (A) of such paragraph.

§ 7. Subdivision (e) of section 11-641 of the administrative code of the city of New York is amended by adding three new paragraphs 17, 18 and 19 to read as follows:

(17) for taxable years beginning after December thirty-first, two thousand twenty-four, for taxpayers that have made an election pursuant to paragraph six of subsection (n) of section one hundred sixty-eight of the internal revenue code with respect to any qualified production property defined in such subsection, the amount allowed as an exclusion or deduction in determining federal taxable income of any depreciation of such qualified production property, pursuant to subsection (a) of section one hundred sixty-seven of such code so that the depreciation deduction and adjusted basis reduction or any other deduction or exclusion allowed by subsection (n) of section one hundred sixty-eight of such code shall not apply.

(18) for taxable years beginning after December thirty-first, two thousand twenty-four, the amount allowed as an exclusion or deduction in determining federal taxable income pursuant to subsection (a) of section one hundred seventy-nine of the internal revenue code subject to the dollar limitations in paragraphs one and two of subsection (b) of such section that were in effect for the last tax year beginning before January first, two thousand twenty-five, adjusted in accordance with paragraph six of such subsection using the amounts in paragraphs one and two that were in effect for such tax year and, for the purposes of applying clause (ii) of subparagraph (A) of paragraph three of subsection (f) of section one of the internal revenue code, substituting "calendar year 2017" for "calendar year 2016".

(19) for taxable years beginning after December thirty-first, two thousand twenty-four, the amount allowed as an exclusion or deduction in determining federal taxable income for domestic research or experimental expenditures pursuant to section one hundred seventy-four-A of the internal revenue code, provided that such exclusion or deduction is calculated in the same manner as an exclusion or deduction for a foreign research or experimental expenditure described in section one hundred seventy-four of such code, except that the amortization deduction of

such expenditures shall be rated over the five-year period beginning with the midpoint of the taxable year in which such expenditures are paid or incurred.

§ 8. Paragraph (a) of subdivision 8 of section 11-652 of the administrative code of the city of New York is amended by adding three new subparagraphs 19, 20 and 21 to read as follows:

(19) for taxable years beginning after December thirty-first, two thousand twenty-four, for taxpayers that have made an election pursuant to paragraph six of subsection (n) of section one hundred sixty-eight of the internal revenue code with respect to any qualified production property defined in such subsection, the amount allowed as an exclusion or deduction in determining federal taxable income of any depreciation of such qualified production property, pursuant to subsection (a) of section one hundred sixty-seven of such code so that the depreciation deduction and adjusted basis reduction or any other deduction or exclusion allowed by subsection (n) of section one hundred sixty-eight of such code shall not apply.

(20) for taxable years beginning after December thirty-first, two thousand twenty-four, the amount allowed as an exclusion or deduction in determining federal taxable income pursuant to subsection (a) of section one hundred seventy-nine of the internal revenue code subject to the dollar limitations in paragraphs one and two of subsection (b) of such section that were in effect for the last tax year beginning before January first, two thousand twenty-five, adjusted in accordance with paragraph six of such subsection using the amounts in paragraphs one and two that were in effect for such tax year and, for the purposes of applying clause (ii) of subparagraph (A) of paragraph three of subsection (f) of section one of the internal revenue code, substituting "calendar year 2017" for "calendar year 2016".

(21) for taxable years beginning after December thirty-first, two thousand twenty-four, the amount allowed as an exclusion or deduction in determining federal taxable income for domestic research or experimental expenditures pursuant to section one hundred seventy-four-A of the internal revenue code, provided that such exclusion or deduction is calculated in the same manner as an exclusion or deduction for a foreign research or experimental expenditure described in section one hundred seventy-four of such code, except that the amortization deduction of such expenditures shall be rated over the five-year period beginning with the midpoint of the taxable year in which such expenditures are paid or incurred.

§ 9. Paragraph (b) of subdivision 8 of section 11-652 of the administrative code of the city of New York is amended by adding four new subparagraphs 24, 25, 26 and 27 to read as follows:

(24) For taxable years beginning after December thirty-first, two thousand twenty-four, the amount allowed as an exclusion or deduction in determining federal taxable income of any depreciation of qualified production property described in subsection (n) of section one hundred sixty-eight of the internal revenue code. For the purposes of this subchapter, such property shall not be treated as section 1245 property as described in section one thousand two hundred forty-five of the internal revenue code.

(25) For taxable years beginning after December thirty-first, two thousand twenty-four, the amount allowed as an exclusion or deduction in determining federal taxable income pursuant to subsection (a) of section one hundred seventy-nine of the internal revenue code.

(26) For taxable years beginning after December thirty-first, two thousand twenty-four, the amount allowed as an exclusion or deduction in determining federal taxable income for domestic research or experimental expenditures pursuant to section one hundred seventy-four-A of the internal revenue code.

(27) For taxable years beginning on or after January first, two thousand twenty-five, the increase in the amount allowed as a federal interest deduction pursuant to section one hundred sixty-three of the internal revenue code attributable to additional adjusted taxable income that is attributable to depreciation, amortization, or depletion. For the purposes of this subdivision, "additional adjusted taxable income that is attributable to depreciation, amortization, or depletion" means the difference between the amount of adjusted taxable income computed pursuant to paragraph eight of subsection (j) of section one hundred sixty-three of the internal revenue code and such amount calculated without regard to clause (v) of subparagraph (A) of such paragraph.

§ 10. Subdivision 5-a of section 11-654.2 of the administrative code of the city of New York, as added by chapter 59 of the laws of 2019, is amended to read as follows:

5-a. Notwithstanding any other provision of this section, [~~net global intangible low-taxed income shall be included in the receipts fraction as provided in this subdivision. Receipts constituting net global intangible low-taxed income~~] the amount required to be included in the taxpayer's federal gross income pursuant to subsection (a) of section 951A of the internal revenue code less the amount of the deduction allowed under clause (i) of section 250(a)(1)(B) of such code shall not be included in the numerator of the receipts fraction. [~~Receipts constituting net global intangible low-taxed income~~] The amount required to be included in the taxpayer's federal gross income pursuant to subsection (a) of section 951A of the internal revenue code less the amount of the deduction allowed under clause (i) of section 250(a)(1)(B) of such code shall be included in the denominator of the receipts fraction. [~~For purposes of this subdivision, the term "net global intangible low-taxed income" means the amount required to be included in the taxpayer's federal gross income pursuant to subsection (a) of section 951A of the internal revenue code less the amount of the deduction allowed under clause (i) of section 250(a)(1)(B) of such code~~] For any taxable year, such amount shall be calculated pursuant to such provisions of the internal revenue code provisions as in effect in such taxable year.

§ 11. This act shall take effect immediately and shall be deemed to have been in full force and effect on and after December 31, 2024, and shall apply to taxable years beginning after December 31, 2024.

PART H

Section 1. Subsection (c) of section 861 of the tax law, as amended by section 2 of subpart C of part J of chapter 59 of the laws of 2023, is amended to read as follows:

(c) The annual election must be made on or before [~~the due date of the first estimated payment under section eight hundred sixty-four of this article~~] September fifteenth and will take effect for the current taxable year. Only one election may be made during each calendar year. An election made under this section is irrevocable after [~~the due date~~] September fifteenth of the taxable year.

§ 2. Subsection (b) of section 864 of the tax law, as added by section 1 of part C of chapter 59 of the laws of 2021, paragraph 3 as amended by chapter 555 of the laws of 2022, is amended to read as follows:

(b) General. The estimated tax shall be paid as follows for an electing partnership and an electing S corporation:

(1) [~~The~~] **For a partnership or S corporation that made an election to be taxed pursuant to this article on or before March fifteenth of the taxable year, the electing partnership or electing S corporation shall make** estimated tax [~~shall be paid~~] **payments** in four equal installments on March fifteenth, June fifteenth, September fifteenth**,** and December fifteenth in the calendar year prior to the year in which the due date of the return required by this article falls. **The amount of each installment shall be twenty-five percent of the required annual payment.**

(2) [~~The amount of any required installment shall be twenty-five percent of the required annual payment~~] **For a partnership or S corporation that made an election to be taxed pursuant to this article after March fifteenth but on or before June fifteenth in the taxable year, the electing partnership or electing S corporation shall make payments on June fifteenth, September fifteenth, and December fifteenth in the calendar year prior to the year in which the due date of the return required by this article falls. The amount of the June fifteenth payment shall be fifty percent of the required annual amount. The amount of the September fifteenth payment shall be twenty-five percent of the required annual amount. The amount of the December fifteenth payment shall be twenty-five percent of the required annual amount**.

(2-a) For a partnership or S corporation that made an election to be taxed pursuant to this article after June fifteenth but on or before September fifteenth in the taxable year, the electing partnership or electing S corporation shall make payments on September fifteenth and December fifteenth in the calendar year prior to the year in which the due date of the return required by this article falls. The amount of the September fifteenth payment shall be seventy-five percent of the required annual amount. The amount of the December fifteenth payment shall be twenty-five percent of the required annual amount.

(3) Notwithstanding paragraph four of subsection (c) of section six hundred eighty-five of this chapter, the required annual payment is the lesser of: (A) ninety percent of the tax shown on the return for the taxable year; or (B) one hundred percent of the tax shown on the return of the electing partnership or electing S corporation for the preceding taxable year.

§ 3. Subsection (c) of section 868 of the tax law, as amended by section 7 of subpart C of part J of chapter 59 of the laws of 2023, is amended to read as follows:

(c) The annual election to be taxed pursuant to this article must be made on or before [~~the due date of the first estimated payment under section eight hundred sixty-four of this chapter~~] **September fifteenth** and will take effect for the current taxable year. Only one election to be taxed pursuant to this article may be made during each calendar year. An election made under this section is irrevocable after [~~such due date~~] **September fifteenth of the taxable year**. To the extent an election made under section eight hundred sixty-one of this chapter is revoked or otherwise invalidated an election made under this section is automatically invalidated.

§ 4. Subsection (b) of section 871 of the tax law, as added by section 1 of subpart B of part MM of chapter 59 of the laws of 2022, paragraph 3

as amended by chapter 555 of the laws of 2022, is amended to read as follows:

(b) General. Except as provided in subsection (c) of this section, the estimated tax shall be paid as follows for an electing city partnership and an electing city resident S corporation:

(1) [~~The~~] **For an electing city partnership or electing city S corporation that made an election to be taxed pursuant to this article on or before March fifteenth in the taxable year, the electing city partnership or electing city S corporation shall make** estimated tax [~~shall be paid~~] **payments** in four equal installments on March fifteenth, June fifteenth, September fifteenth**,** and December fifteenth in the calendar year prior to the year in which the due date of the return required by this article falls. **The amount of each installment shall be twenty-five percent of the required annual payment.**

(2) [~~The amount of any required installment shall be twenty-five percent of the required annual payment~~] **For an electing city partnership or electing city S corporation that made an election to be taxed pursuant to this article after March fifteenth but on or before June fifteenth in the taxable year, the electing city partnership or electing city S corporation shall make payments on June fifteenth, September fifteenth, and December fifteenth in the calendar year prior to the year in which the due date of the return required by this article falls. The amount of the June fifteenth payment shall be fifty percent of the required annual amount. The amount of the September fifteenth payment shall be twenty-five percent of the required annual amount. The amount of the December fifteenth payment shall be twenty-five percent of the required annual amount**.

(2-a) For an electing city partnership or electing city S corporation that made an election to be taxed pursuant to this article after June fifteenth but on or before September fifteenth in the taxable year, the electing city partnership or electing city S corporation shall make payments on September fifteenth and December fifteenth in the calendar year prior to the year in which the due date of the return required by this article falls. The amount of the September fifteenth payment shall be seventy-five percent of the required annual amount. The amount of the December fifteenth payment shall be twenty-five percent of the required annual amount.

(3) Without regard to paragraph four of subsection (c) of section six hundred eighty-five of this chapter, the required annual payment is the lesser of: (A) ninety percent of the tax shown on the return for the taxable year; or (B) one hundred percent of the tax shown on the return of the electing city partnership or electing city resident S corporation for the preceding taxable year.

§ 5. This act shall take effect immediately and shall apply to all taxable years beginning on or after January 1, 2027.

PART I

Section 1. Paragraph (a) of subdivision 5 of section 845-e of the executive law, as added by section 1 of part E of chapter 59 of the laws of 2024, is amended to read as follows:

(a) For taxable years beginning on or after January first, two thousand twenty-four and before January first, two thousand [~~twenty-six~~] **twenty-nine**, a business entity in the commercial security tax credit program that meets the eligibility requirements of subdivision two of this section may be eligible to claim a credit equal to three thousand

dollars for each retail location of the business entity located in New York state.

§ 2. Subdivision (a) of section 49 of the tax law, as added by section 2 of part E of chapter 59 of the laws of 2024, is amended to read as follows:

(a) Allowance of credit. For taxable years beginning on or after January first, two thousand twenty-four and before January first, two thousand [~~twenty-six~~] **twenty-nine**, a taxpayer required to file a return pursuant to articles nine, nine-A or twenty-two of this chapter shall be allowed a credit against such tax, pursuant to the provisions referenced in subdivision (f) of this section. The amount of the credit is equal to the amount determined pursuant to section eight hundred forty-five-e of the executive law. No cost or expense paid or incurred by the taxpayer that is included as part of the calculation of this credit shall be the basis of any other tax credit allowed under this chapter.

§ 3. This act shall take effect immediately.

PART J

Section 1. Paragraph 1 of subdivision (f) of section 24-c of the tax law, as amended by section 4 of part L of chapter 59 of the laws of 2025, is amended to read as follows:

(1) The aggregate amount of tax credits allowed under this section, subdivision fifty-seven of section two hundred ten-B and subsection (mmm) of section six hundred six of this chapter shall be [~~four~~] **five** hundred **fifty** million dollars. Such aggregate amount of credits shall be allocated by the department of economic development among taxpayers based on the date of first performance of the qualified musical and theatrical production.

§ 2. This act shall take effect immediately and apply to qualified New York city musical and theatrical production companies whose first performance was on or after December 1, 2025; provided, however, that the amendments to section 24-c of the tax law made by section one of this act shall not affect the repeal of such section and shall be deemed repealed therewith.

PART K

Section 1. Subdivisions 2 and 12 of section 470 of the tax law, subdivision 2 as amended by chapter 728 of the laws of 2019 and subdivision 12 as added by chapter 61 of the laws of 1989, are amended and a new subdivision 22 is added to read as follows:

2. "Tobacco products." Any cigar, including a little cigar, [~~or~~] tobacco, **or alternative nicotine product,** other than cigarettes, intended for consumption by smoking, chewing, or as snuff. "Tobacco products" shall not include research tobacco products.

12. "Distributor." Any person who imports or causes to be imported into this state any tobacco product (in excess of fifty cigars [~~or~~]**,** one pound of tobacco**, or fifteen units of alternative nicotine products**) for sale, or who manufactures any tobacco product in this state, and any person within or without the state who is authorized by the commissioner of taxation and finance to make returns and pay the tax on tobacco products sold, shipped or delivered by [~~him~~] **them** to any person in the state.

22. "Alternative nicotine product." Any noncombustible product, other than vapor products, which contains nicotine but not tobacco and is

intended for human consumption, whether chewed, absorbed, dissolved, or ingested by any other means. "Alternative nicotine product" does not include any product regulated as a drug or device by the U.S. Food and Drug Administration (FDA) under Chapter V (21 U.S.C. § 351 et seq.) of the Federal Food, Drug, and Cosmetic Act. The term "unit" as it relates to alternative nicotine products means any cannister, pack, box, carton, or container of any kind or, if no other container, any wrapping, in which an alternative nicotine product is offered for sale, sold, or otherwise distributed to consumers.

§ 2. The opening paragraph of subdivision (a) of section 471-c of the tax law, as amended by section 2 of part I1 of chapter 57 of the laws of 2009, is amended to read as follows:

There is hereby imposed and shall be paid a tax on all tobacco products used in the state by any person, except that no such tax shall be imposed (1) if the tax provided in section four hundred seventy-one-b of this article is paid, or (2) on the use of tobacco products which are exempt from the tax imposed by said section, or (3) on the use of two hundred fifty cigars or less, or five pounds or less of tobacco other than roll-your-own tobacco, or thirty-six ounces or less of roll-your-own tobacco**, or seventy-five units or less of alternative nicotine products,** brought into the state on, or in the possession of, any person.

§ 3. Subdivisions 2 and 3 of section 474 of the tax law, subdivision 2 as amended by chapter 552 of the laws of 2008 and subdivision 3 as added by chapter 61 of the laws of 1989, are amended to read as follows:

2. Every person who shall possess or transport more than two hundred fifty cigars, or more than five pounds of tobacco other than roll-your-own tobacco, or more than thirty-six ounces of roll-your-own tobacco**, or more than seventy-five units of alternative nicotine products,** upon the public highways, roads or streets of the state, shall be required to have in [~~his~~] **their** actual possession invoices or delivery tickets for such tobacco products. Such invoices or delivery tickets shall show the name and address of the consignor or seller, the name and address of the consignee or purchaser, the quantity and brands of the tobacco products transported, and the name and address of the person who has or shall assume the payment of the tax and the wholesale price or the tax paid or payable. The absence of such invoices or delivery tickets shall be prima facie evidence that such person is a dealer in tobacco products in this state and subject to the requirements of this article.

3. Every dealer or distributor or employee thereof, or other person acting on behalf of a dealer or distributor, who shall possess or transport more than fifty cigars [~~or~~]**,** more than one pound of tobacco**, or more than fifteen units of alternative nicotine products,** upon the public highways, roads or streets of the state, shall be required to have in [~~his~~] **their** actual possession invoices or delivery tickets for such tobacco products. Such invoices or delivery tickets shall show the name and address of the consignor or seller, the name and address of the consignee or purchaser, the quantity and brands of the tobacco products transported, and the name and address of the person who has or shall assume the payment of the tax and the wholesale price or the tax paid or payable. The absence of such invoices or delivery tickets shall be prima facie evidence that the tax imposed by this article on tobacco products has not been paid and is due and owing.

§ 4. Subparagraph (i) of paragraph (b) of subdivision 1 of section 481 of the tax law, as amended by section 1 of part O of chapter 59 of the laws of 2013, is amended to read as follows:

(i) In addition to any other penalty imposed by this article, the commissioner may (A) impose a penalty of not more than six hundred dollars for each two hundred cigarettes, or fraction thereof, in excess of one thousand cigarettes in unstamped or unlawfully stamped packages in the possession or under the control of any person or (B) impose a penalty of not more than two hundred dollars for each ten unaffixed false, altered or counterfeit cigarette tax stamps, imprints or impressions, or fraction thereof, in the possession or under the control of any person. In addition, the commissioner may impose a penalty of not more than seventy-five dollars for each fifty cigars [~~or~~], one pound of tobacco, **or fifteen units of alternative nicotine products,** or fraction thereof, in excess of two hundred fifty cigars [~~or~~], five pounds of tobacco**, or seventy-five units of alternative nicotine products,** in the possession or under the control of any person and a penalty of not more than one hundred fifty dollars for each fifty cigars [~~or~~], pound of tobacco, **or fifteen units of alternative nicotine products,** or fraction thereof, in excess of five hundred cigars [~~or~~], ten pounds of tobacco**, or one hundred fifty units of alternative nicotine products,** in the possession or under the control of any person, with respect to which the tobacco products tax has not been paid or assumed by a distributor or tobacco products dealer; provided, however, that any such penalty imposed shall not exceed seven thousand five hundred dollars in the aggregate. The commissioner may impose a penalty of not more than seventy-five dollars for each fifty cigars [~~or~~], one pound of tobacco, **or fifteen units of alternative nicotine products,** or fraction thereof, in excess of fifty cigars [~~or~~], one pound of tobacco**, or fifteen units of alternative nicotine products,** in the possession or under the control of any tobacco products dealer or distributor appointed by the commissioner, and a penalty of not more than one hundred fifty dollars for each fifty cigars [~~or~~], pound of tobacco, **or fifteen units of alternative nicotine products,** or fraction thereof, in excess of two hundred fifty cigars [~~or~~], five pounds of tobacco**, or seventy-five units of alternative nicotine products,** in the possession or under the control of any such dealer or distributor, with respect to which the tobacco products tax has not been paid or assumed by a distributor or a tobacco products dealer; provided, however, that any such penalty imposed shall not exceed fifteen thousand dollars in the aggregate.

§ 5. Clauses (B) and (C) of subparagraph (ii) of paragraph (b) of subdivision 1 of section 481 of the tax law, as added by chapter 262 of the laws of 2000, are amended to read as follows:

(B)(I) not less than twenty-five dollars but not more than one hundred dollars for each fifty cigars [~~or~~], one pound of tobacco, **or fifteen units of alternative nicotine products,** or fraction thereof, in excess of two hundred fifty cigars [~~or~~], five pounds of tobacco**, or seventy-five units of alternative nicotine products,** knowingly in the possession or knowingly under the control of any person, with respect to which the tobacco products tax has not been paid or assumed by a distributor or tobacco products dealer; and

(II) not less than fifty dollars but not more than two hundred dollars for each fifty cigars [~~or~~], pound of tobacco, **or fifteen units of alternative nicotine products,** or fraction thereof, in excess of five hundred cigars [~~or~~], ten pounds of tobacco**, or one hundred fifty units of alternative nicotine products,** knowingly in the possession or knowingly under the control of any person, with respect to which the tobacco products tax has not been paid or assumed by a distributor or tobacco products

dealer; provided, however, that any such penalty imposed under this clause shall not exceed ten thousand dollars in the aggregate.

(C)(I) not less than twenty-five dollars but not more than one hundred dollars for each fifty cigars [~~or~~], one pound of tobacco, **or fifteen units of alternative nicotine products,** or fraction thereof, in excess of fifty cigars [~~or~~], one pound of tobacco**, or fifteen units of alternative nicotine products,** knowingly in the possession or knowingly under the control of any person, with respect to which the tobacco products tax has not been paid or assumed by a distributor or tobacco products dealer; and

(II) not less than fifty dollars but not more than two hundred dollars for each fifty cigars [~~or~~], pound of tobacco, **or fifteen units of alternative nicotine products,** or fraction thereof, in excess of two hundred fifty cigars [~~or~~], five pounds of tobacco**, or seventy-five units of alternative nicotine products,** knowingly in the possession or knowingly under the control of any person, with respect to which the tobacco products tax has not been paid or assumed by a distributor or a tobacco products dealer; provided, however, that any such penalty imposed under this clause shall not exceed twenty thousand dollars in the aggregate.

§ 6. Paragraph (a) of subdivision 2 of section 481 of the tax law, as amended by chapter 552 of the laws of 2008, is amended to read as follows:

(a) The possession within this state of more than four hundred cigarettes in unstamped or unlawfully stamped packages or more than two hundred fifty cigars, or more than five pounds of tobacco other than roll-your-own tobacco, or more than thirty-six ounces of roll-your-own tobacco**, or more than seventy-five units of alternative nicotine products,** by any person other than an agent or distributor, as the case may be, at any one time shall be presumptive evidence that such cigarettes or tobacco products are subject to tax as provided by this article.

§ 7. Section 482 of the tax law is amended by adding a new subdivision (c) to read as follows:

(c) From the taxes, interest and penalties collected or received by the commissioner under section four hundred seventy-one-b of this article, effective April first, two thousand twenty-seven, fifty million dollars from the moneys collected or received under such section shall be deposited annually to the credit of the tobacco control and insurance initiatives pool to be established and distributed by the commissioner of health in accordance with section twenty-eight hundred seven-v of the public health law.

§ 8. Subdivisions (a) and (h) of section 1814 of the tax law, as amended by section 28 of subpart I of part V1 of chapter 57 of the laws of 2009, are amended to read as follows:

(a) Any person who willfully attempts in any manner to evade or defeat the taxes imposed by article twenty of this chapter or payment thereof on (i) ten thousand cigarettes or more, (ii) twenty-two thousand cigars or more, [~~or~~] (iii) four hundred forty pounds of tobacco or more**, or (iv) six thousand six hundred units of alternative nicotine products or more,** or has previously been convicted two or more times of a violation of paragraph one of this subdivision shall be guilty of a class E felony.

(h) (1) Any dealer, other than a distributor appointed by the commissioner of taxation and finance under article twenty of this chapter, who shall knowingly transport or have in [~~his~~] **their** custody, possession or under [~~his~~] **their** control more than ten pounds of tobacco [~~or~~], more

than five hundred cigars**, or more than one hundred fifty units of alternative nicotine products,** upon which the taxes imposed by article twenty of this chapter have not been assumed or paid by a distributor appointed by the commissioner of taxation and finance under article twenty of this chapter, or other person treated as a distributor pursuant to section four hundred seventy-one-d of this chapter, shall be guilty of a misdemeanor punishable by a fine of not more than five thousand dollars or by a term of imprisonment not to exceed thirty days.

(2) Any person, other than a dealer or a distributor appointed by the commissioner under article twenty of this chapter, who shall knowingly transport or have in [~~his~~] **their** custody, possession or under [~~his~~] **their** control more than fifteen pounds of tobacco [~~or~~]**,** more than seven hundred fifty cigars**, or more than two hundred twenty-five units of alternative nicotine products,** upon which the taxes imposed by article twenty of this chapter have not been assumed or paid by a distributor appointed by the commissioner under article twenty of this chapter, or other person treated as a distributor pursuant to section four hundred seventy-one-d of this chapter shall be guilty of a misdemeanor punishable by a fine of not more than five thousand dollars or by a term of imprisonment not to exceed thirty days.

(3) Any person, other than a distributor appointed by the commissioner under article twenty of this chapter, who shall knowingly transport or have in [~~his~~] **their** custody, possession or under [~~his~~] **their** control twenty-five hundred or more cigars [~~or~~]**,** fifty or more pounds of tobacco**, or seven hundred fifty units or more of alternative nicotine products,** upon which the taxes imposed by article twenty of this chapter have not been assumed or paid by a distributor appointed by the commissioner under article twenty of this chapter, or other person treated as a distributor pursuant to section four hundred seventy-one-d of this chapter shall be guilty of a misdemeanor. Provided further, that any person who has twice been convicted under this subdivision shall be guilty of a class E felony for any subsequent violation of this section, regardless of the amount of tobacco products involved in such violation.

(4) For purposes of this subdivision, such person shall knowingly transport or have in [~~his~~] **their** custody, possession or under [~~his~~] **their** control tobacco [~~or~~]**,** cigars**, or alternative nicotine products,** on which such taxes have not been assumed or paid by a distributor appointed by the commissioner where such person has knowledge of the requirement of the tax on tobacco products and, where to [~~his~~] **their** knowledge, such taxes have not been assumed or paid on such tobacco products by a distributor appointed by the commissioner of taxation and finance.

§ 9. Section 1814-a of the tax law, as added by chapter 61 of the laws of 1989, is amended to read as follows:

§ 1814-a. Person not appointed as a tobacco products distributor. (a) Any person who, while not appointed as a distributor of tobacco products pursuant to the provisions of article twenty of this chapter, imports or causes to be imported into the state more than fifty cigars [~~or~~]**,** more than one pound of tobacco, **or more than fifteen units of alternative nicotine products,** for sale within the state, or produces, manufactures or compounds tobacco products within the state shall be guilty of a misdemeanor punishable by a fine of not more than five thousand dollars or by a term of imprisonment not to exceed thirty days. If, within any ninety day period, one thousand or more cigars**,** or five hundred pounds or more of tobacco**, or seven thousand five hundred units or more of alternative nicotine products,** are imported or caused to be imported

into the state for sale within the state or are produced, manufactured or compounded within the state by any person while not appointed as a distributor of tobacco products, such person shall be guilty of a misdemeanor. Provided further, that any person who has twice been convicted under this section shall be guilty of a class E felony for any subsequent violation of this section, regardless of the amount of tobacco products involved in such violation.

(b) For purposes of this section, the possession or transportation within this state by any person, other than a tobacco products distributor appointed by the commissioner of taxation and finance, at any one time of seven hundred fifty or more cigars [~~or~~], fifteen pounds or more of tobacco, or two hundred twenty-five units or more of alternative nicotine products, shall be presumptive evidence that such tobacco products are possessed or transported for the purpose of sale and are subject to the tax imposed by section four hundred seventy-one-b of this chapter. With respect to such possession or transportation, any provisions of article twenty of this chapter providing for a time period during which the tax imposed by such article may be paid shall not apply.

§ 10. Subdivision (a) of section 1846-a of the tax law, as amended by chapter 556 of the laws of 2011, is amended to read as follows:

(a) Whenever a police officer designated in section 1.20 of the criminal procedure law or a peace officer designated in subdivision four of section 2.10 of such law, acting pursuant to [~~his~~] their special duties, shall discover any tobacco products in excess of five hundred cigars [~~or~~], ten pounds of tobacco, or one hundred fifty units of alternative nicotine products, which are [~~being imported for~~] possessed for the purpose of sale in the state [~~where the person importing or causing~~] when the excise taxes on such tobacco products [~~to be imported has not been appointed as~~] have not been assumed or paid by a distributor appointed pursuant to section four hundred seventy-two of this chapter, such police officer or peace officer is hereby authorized and empowered forthwith to seize and take possession of such tobacco products. Such tobacco products seized by a police officer or peace officer shall be turned over to the commissioner. Such seized tobacco products shall be forfeited to the state. All tobacco products forfeited to the state shall be destroyed or used for law enforcement purposes, except that tobacco products that violate, or are suspected of violating, federal trademark laws or import laws shall not be used for law enforcement purposes. If the commissioner determines the tobacco products may not be used for law enforcement purposes, the commissioner must, within a reasonable time thereafter, upon publication in the state registry of a notice to such effect before the day of destruction, destroy such forfeited tobacco products. The commissioner may, prior to any destruction of tobacco products, permit the true holder of the trademark rights in the tobacco products to inspect such forfeited products in order to assist in any investigation regarding such tobacco products.

§ 11. Subdivision (b) of section 1847 of the tax law, as added by chapter 61 of the laws of 1989, is amended to read as follows:

(b) Any peace officer designated in subdivision four of section 2.10 of the criminal procedure law, acting pursuant to [~~his~~] their special duties, or any police officer designated in section 1.20 of the criminal procedure law may seize any vehicle or other means of transportation used to import tobacco products in excess of five hundred cigars [~~or~~], ten pounds of tobacco, or one hundred fifty units of alternative nicotine products, for sale where the person importing or causing such

tobacco products to be imported has not been appointed a distributor pursuant to section four hundred seventy-two of this chapter, other than a vehicle or other means of transportation used by any person as a common carrier in transaction of business as such common carrier, and such vehicle or other means of transportation shall be subject to forfeiture as hereinafter in this section provided.

§ 12. Subdivisions (a) and (b) of section 92-dd of the state finance law, subdivision (a) as amended by section 2 of part UU of chapter 59 of the laws of 2019 and subdivision (b) as amended by section 3 of part T of chapter 61 of the laws of 2011, are amended to read as follows:

(a) On and after April first, two thousand five, such fund shall consist of the revenues heretofore and hereafter collected or required to be deposited pursuant to paragraph (a) of subdivision eighteen of section twenty-eight hundred seven-c, and sections twenty-eight hundred seven-j, twenty-eight hundred seven-s and twenty-eight hundred seven-t of the public health law, [~~subdivision~~] **subdivisions** (b) **and (c)** of section four hundred eighty-two and section eleven hundred eighty-six of the tax law and required to be credited to the tobacco control and insurance initiatives pool, subparagraph (O) of paragraph four of subsection (j) of section four thousand three hundred one of the insurance law, section twenty-seven of part A of chapter one of the laws of two thousand two and all other moneys credited or transferred thereto from any other fund or source pursuant to law.

(b) The pool administrator under contract with the commissioner of health pursuant to section twenty-eight hundred seven-y of the public health law shall continue to collect moneys required to be collected or deposited pursuant to paragraph (a) of subdivision eighteen of section twenty-eight hundred seven-c, and sections twenty-eight hundred seven-j, twenty-eight hundred seven-s and twenty-eight hundred seven-t of the public health law, and shall deposit such moneys in the HCRA resources fund. The comptroller shall deposit moneys collected or required to be deposited pursuant to [~~subdivision~~] **subdivisions** (b) **and (c)** of section four hundred eighty-two of the tax law and required to be credited to the tobacco control and insurance initiatives pool, subparagraph (O) of paragraph four of subsection (j) of section four thousand three hundred one of the insurance law, section twenty-seven of part A of chapter one of the laws of two thousand two and all other moneys credited or transferred thereto from any other fund or source pursuant to law in the HCRA resources fund.

§ 13. Notwithstanding any other provision of law to the contrary, the units of alternative nicotine products possessed in New York state as of 11:59 pm eastern standard time on August 31, 2026, by any person for sale shall be subject to tax pursuant to section 471-b of the tax law, and shall be remitted by September 21, 2026, in the form and manner prescribed by the commissioner of taxation and finance.

§ 14. This act shall take effect immediately, and shall apply to all sales of alternative nicotine products on or after September 1, 2026.

PART L

Section 1. The article heading of article 28-C of the tax law, as added by section 1 of part UU of chapter 59 of the laws of 2019, is amended to read as follows:

[~~SUPPLEMENTAL~~] TAX ON VAPOR PRODUCTS

§ 2. Section 1180 of the tax law, as added by section 1 of part UU of chapter 59 of the laws of 2019, is amended to read as follows:

§ 1180. Definitions. For the purposes of the taxes imposed by this article, the following [~~terms shall mean~~] **definitions shall apply**:

(a) "Vapor product" means any noncombustible liquid or gel, regardless of the presence of nicotine therein, that is manufactured [~~in to~~] **into** a finished product for use in an electronic cigarette, electronic cigar, electronic cigarillo, electronic pipe, vaping pen, hookah pen or other similar device. "Vapor product" shall not include any product approved by the United States food and drug administration as a drug or medical device, or manufactured and dispensed pursuant to title five-A of article thirty-three of the public health law.

(b) "Vapor products dealer" means a person [~~licensed by the commissioner to sell~~] **who sells** vapor products **at retail to a person** in this state.

(c) "Vapor products distributor" means any person who imports or causes to be imported into this state any vapor products or who manufactures any vapor products in this state; provided, however, where a vapor products dealer also imports vapor products or causes vapor products to be imported into this state for sale, or manufactures vapor products for sale in this state, such vapor products dealer shall also be a vapor products distributor.

(d) "Contraband vapor products" means any vapor products that are: (1) possessed by a vapor products dealer or vapor products distributor who does not possess a valid certificate of registration or whose certificate of registration has been revoked; (2) possessed by a vapor products distributor or vapor products dealer upon which the tax imposed by this article is due and has not been paid; or (3) possessed in this state that are not listed on the vapor products registry pursuant to section eleven hundred eighty-seven of this article.

(e) "Unit" means the individual package, box, carton, canister or container of any kind, or, if no other container, any wrapping in or from which retail sales of vapor products are made or intended to be made as such vapor product is packaged by the manufacturer of such vapor products.

§ 3. Section 1181 of the tax law, as amended by chapter 92 of the laws of 2021, is amended to read as follows:

§ 1181. Imposition of tax. **(a)(1) In addition to any other tax imposed by this chapter or other law, there is hereby imposed a tax on each unit of vapor products first imported into or manufactured in the state by a vapor products distributor at the rate of fifty-five cents per unit of vapor product that shall accrue at the time of first import or manufacture in the state.**

(2) The tax imposed by this subdivision shall be passed through from the vapor products distributor to the vapor products dealer at the time the vapor products distributor sells or transfers such vapor products to a vapor products dealer. Upon each sale or transfer of vapor products, other than a sale at retail, the vapor products distributor shall provide to the vapor products dealer at the time of delivery of such products, a certification containing such information as the commissioner shall require that shall include a statement to the effect that such vapor products distributor paid the taxes imposed by this subdivision and, in each case, is passing through such taxes.

(3) It shall be presumed that all vapor products possessed within the state by a vapor products dealer are subject to the vapor products distributor tax until the contrary is established and the burden to

establish that any vapor products are not taxable hereunder shall be upon the vapor products dealer in possession or control of such vapor products.

(4) Every vapor products dealer shall be liable for the tax on vapor products in their possession upon which tax has not been paid by a distributor, and the failure of any vapor products dealer to produce and exhibit to the commissioner upon demand the invoice provided by a vapor products distributor for any vapor products in their possession shall be presumptive evidence that the tax thereon has not been paid, and that such dealer is liable for the tax thereon unless evidence of such invoice or payment shall later be produced.

(b) In addition to any other tax imposed by this chapter or other law, there is hereby imposed a tax of twenty percent on receipts from the retail sale of vapor products sold in this state. The tax is imposed on the purchaser and collected by the vapor products dealer as defined in subdivision (b) of section eleven hundred eighty of this article, in trust for and on account of the state.

(c) The taxes imposed under this section shall not apply to adult-use cannabis products subject to tax under article twenty-C of this chapter.

§ 4. Section 1183 of the tax law, as added by section 1 of part UU of chapter 59 of the laws of 2019, is amended to read as follows:

§ 1183. Vapor products [~~dealer~~] registration and renewal. (a) Every [~~person who intends to sell vapor products~~] vapor products distributor and vapor products dealer in this state must [~~receive from the commissioner~~] file with the commissioner a properly completed application for a certificate of registration and obtain such certificate twenty days prior to [~~engaging in business~~] the first import, manufacture, or sale of vapor products. Such person must electronically submit a properly completed application for a certificate of registration [~~for each location at which vapor products will be sold in this state,~~] on a form prescribed by the commissioner[~~,~~] and such application shall be accompanied by a non-refundable application fee of three hundred dollars. A vapor products dealer shall apply for a certificate of registration for each location at which vapor products will be sold at retail in this state.

(b) A [~~vapor products dealer~~] certificate of registration shall be valid for the calendar year for which it is issued unless earlier [~~suspended or~~] revoked. Upon the expiration of the term stated on the certificate of registration, such certificate shall be null and void. A certificate of registration shall not be assignable or transferable and shall be destroyed immediately upon [~~the vapor products dealer~~] the person to whom such certificate is issued ceasing to do business as specified in such certificate or in the event that such business never commenced.

(c) (1) Every [~~vapor product dealer~~] person to whom a certificate is issued under this article shall publicly display a vapor products [~~dealer~~] certificate of registration in each place of business in this state where vapor products are first imported, manufactured, or sold [~~at retail~~]. A vapor products dealer who has no regular place of business shall publicly display such valid certificate on each of its carts, stands, trucks or other merchandising devices through which it sells vapor products.

(2) No vapor products distributor shall sell any vapor product to any vapor products dealer who is not registered pursuant to this section, or whose registration has been revoked. No vapor products dealer shall purchase any vapor products from a vapor products distributor who is not

registered pursuant to this section, or whose registration has been revoked.

(d) (1) The commissioner shall refuse to issue a certificate of registration pursuant to this section to any applicant who is required to but does not possess a valid certificate of authority under section eleven hundred thirty-four of this chapter. In addition, the commissioner may refuse to issue a certificate of registration[~~, or suspend, cancel~~] or revoke a certificate of registration issued to any person who: (A) has a past-due liability as that term is defined in section one hundred seventy-one-v of this chapter; (B) has had a certificate of registration under this article or any license or registration provided for in this chapter revoked [~~within one year from the date on which such application was filed~~]; (C) has been convicted of a crime provided for in this chapter [~~within one year from the date on which such application was filed~~]; (D) willfully fails to file a report or return required by this article; (E) willfully files, causes to be filed, gives or causes to be given a report, return, certificate or affidavit required by this article which is false; (F) willfully fails to collect or truthfully account for or pay over any tax imposed by this [~~article~~] chapter; [~~or~~] (G) has had a penalty imposed pursuant to paragraph three, four, five, or six of subdivision (b) of section eleven hundred eighty-five of this article within one year from the date on which such application was filed; or (H) whose place of business is at the same premises as that of a person whose vapor products distributor registration or vapor products dealer registration has been revoked and where such revocation is still in effect, unless the applicant or vapor products distributor or vapor products dealer, as the case may be, provides the commissioner with adequate documentation demonstrating that such applicant or vapor products distributor or vapor products dealer acquired the premises or business through an arm's length transaction as defined in paragraph (e) of subdivision one of section four hundred eighty-a of this chapter and the sale or lease was not conducted, in whole or in part, for the purpose of permitting the original registrant to avoid the effect of the previous revocation for the same premises.

(2) In addition to the grounds provided in paragraph one of this subdivision, the commissioner shall refuse to issue a certificate of registration and shall [~~cancel or suspend~~] revoke a certificate of registration as directed by an enforcement officer pursuant to article thirteen-F of the public health law. Notwithstanding any provision of law to the contrary, an applicant whose application for a certificate of registration is refused or a vapor products distributor or vapor products dealer whose registration is [~~cancelled or suspended~~] revoked under this paragraph shall have no right to a hearing under this chapter and shall have no right to commence a court action or proceeding or to any other legal recourse against the commissioner with respect to such refusal[~~, suspension or cancellation~~] or revocation; provided, however, that nothing herein shall be construed to deny a vapor products distributor or vapor products dealer a hearing under article thirteen-F of the public health law or to prohibit vapor products distributor or vapor products dealers from commencing a court action or proceeding against an enforcement officer as defined in section thirteen hundred ninety-nine-aa of the public health law.

(3) No person whose registration has been revoked or was refused pursuant to this section shall possess vapor products in any place of business, cart, stand, truck or other merchandising device in this state beginning on the tenth day after such revocation and continuing for the

duration of the same; provided, however, that such person shall not be prohibited before the tenth day after such revocation from selling or transferring such inventory of vapor product properly listed on the vapor products registry pursuant to section eleven hundred eighty-seven of this article on which taxes imposed by this article have been paid to a properly registered vapor products dealer whose registration has not been revoked.

(e) If a vapor products [~~dealer~~] certificate of registration is [~~suspended, cancelled or~~] revoked and [~~such vapor products dealer~~] the holder of such certificate sells vapor products through more than one place of business in this state, the [~~vapor products dealer's~~] certificate of registration issued to that place of business, cart, stand, truck or other merchandising device, where such violation occurred, shall be [~~suspended,~~] revoked [~~or cancelled~~]. Provided, however, upon a [~~vapor products dealer's~~] holder of a certificate of registration's third [~~suspension, cancellation or~~] revocation within a five-year period for any one or more businesses owned or operated by [~~the vapor products dealer~~] such person, such [~~suspension, cancellation, or~~] revocation of the [~~vapor products dealer's~~] certificate of registration shall apply to all places of business where [~~he or she~~] such person sells vapor products in this state.

(f) Every holder of a certificate of registration must notify the commissioner of changes to any of the information stated on the certificate or changes to any information contained in the application for the certificate of registration. Such notification must be made on or before the last day of the month in which a change occurs and must be made electronically on a form prescribed by the commissioner.

(g) Every vapor products distributor and vapor products dealer who holds a certificate of registration under this [~~article~~] section shall be required to reapply for a certificate of registration for the following calendar year on or before the twentieth day of September and such reapplication shall be subject to the same requirements and conditions, including grounds for refusal, as an initial registration under this [~~article~~] section, including but not limited to the payment of the three hundred dollar application fee for each retail location.

(h) In addition to any other penalty imposed by this chapter, any vapor products distributor or vapor products dealer who violates the provisions of this section, (1) for a first violation is liable for a civil [~~fine~~] penalty not less than five thousand dollars but not to exceed twenty-five thousand dollars and such certificate of registration may be [~~suspended~~] revoked for a period of not more than six months; and (2) for a second or subsequent violation within three years following a prior violation of this section, is liable for a civil [~~fine~~] penalty not less than ten thousand dollars but not to exceed thirty-five thousand dollars and such certificate of registration may be [~~suspended~~] revoked for a period of up to thirty-six months; or (3) for a third violation within a period of five years, its vapor products certificate or certificates of registration issued to each place of business owned or operated by the vapor products distributor or vapor products dealer in this state, shall be revoked for a period of up to five years.

§ 5. Section 1184 of the tax law, as added by section 1 of part UU of chapter 59 of the laws of 2019, is amended to read as follows:

§ 1184. Administrative provisions. (a) Except as otherwise provided for in this article, the taxes imposed by this article shall be administered and collected in a like manner as and jointly with the taxes imposed by sections eleven hundred five and eleven hundred ten of this

chapter. In addition, except as otherwise provided in this article, all of the provisions of article twenty-eight of this chapter (except sections eleven hundred seven, eleven hundred eight, eleven hundred nine, and eleven hundred forty-eight) relating to or applicable to the administration, collection and review of the taxes imposed by such sections eleven hundred five and eleven hundred ten, including, but not limited to, the provisions relating to definitions, returns, exemptions, penalties, tax secrecy, personal liability for the tax, and collection of tax from the customer, shall apply to the taxes imposed by this article so far as such provisions can be made applicable to the taxes imposed by this article with such limitations as set forth in this article and such modifications as may be necessary in order to adapt such language to the taxes so imposed. Such provisions shall apply with the same force and effect as if the language of those provisions had been set forth in full in this article except to the extent that any provision is either inconsistent with a provision of this article or is not relevant to the taxes imposed by this article.

(b) Notwithstanding the provisions of subdivision (a) of this section, the exemptions provided in paragraph ten of subdivision (a) of section eleven hundred fifteen of this chapter, and the provisions of section eleven hundred sixteen, except those provided in paragraphs one, two, three and six of subdivision (a) of such section, shall not apply to the taxes imposed by this article.

(c) Notwithstanding the provisions of this section or section eleven hundred forty-six of this chapter, the commissioner may, in [~~his or her~~] **their** discretion, permit the commissioner of health or [~~his or her~~] **their** authorized representative to inspect any return related to the [~~tax~~] **taxes** imposed by this article and may furnish to the commissioner of health any such return or supply [~~him or her~~] **such commissioner** with information concerning an item contained in any such return, or disclosed by any investigation of a liability under this article.

(d) Every vapor products distributor and vapor products dealer on whom tax is imposed under this article shall maintain complete and accurate records in such form as the commissioner may require and shall provide such records to the commissioner upon request. Each vapor products distributor shall make a true duplicate invoice, in the form and manner prescribed by the commissioner, that identifies the name and address of the vapor products distributor, such distributor's certificate of registration number issued by the commissioner, the names and addresses of any consignors or sellers, the names and addresses of the vapor products dealer or any consignees or purchasers, the date of delivery or purchase, the quantities, brands and purchase price of the vapor products transported, purchased or delivered, the amount of taxes paid by such distributor pursuant to section eleven hundred eighty-one of this article on such vapor products, and any other record or information the commissioner may require. A vapor products distributor shall provide such invoice to the vapor products dealer when such vapor products are purchased or received. Such records shall be preserved for a period of four years after the filing of the return to which such records relate and shall be provided to the commissioner upon request.

(e) (1) In addition to any other penalty provided in this chapter or otherwise imposed by law, every person subject to the taxes imposed under this article who fails to maintain or make available to the commissioner the records required by this section shall be subject to a penalty not to exceed one thousand dollars for each month, or part thereof, for which the failure occurs. Such penalty may not be imposed more

than once for failures for the same monthly period or part thereof. If the commissioner determines that a failure to maintain and make available records in any month was entirely due to reasonable cause and not due to willful neglect, the commissioner shall abate the penalty for that month.

(2) The failure of any vapor products distributor or vapor products dealer on whom tax is imposed under this article to meet the requirements made applicable by subdivision (a) of this section for such vapor products possessed by such distributor or such dealer shall be presumptive evidence that the taxes imposed pursuant to section eleven hundred eighty-one of this article have not been paid, and that such distributor or dealer is liable for the taxes thereon unless evidence of such invoice, receipt or payment shall later be produced.

§ 6. Section 1185 of the tax law, as added by section 1 of part UU of chapter 59 of the laws of 2019, is amended to read as follows:

§ 1185. [~~Criminal penalties~~] Enforcement. (a) For purposes of the efficient administration of the taxes imposed by this article, it is the intent of the legislature that the distribution and sale of vapor products be deemed a heavily regulated industry subject to supervision by the commissioner. The commissioner is hereby authorized to conduct regulatory inspections in the same manner as a regulatory inspection pursuant to article twenty of this chapter of any place of business or vehicle where vapor products are distributed, placed, stored, sold or offered for sale and to examine the books, papers, invoices and other records of any place of business or vehicle where vapor products are distributed, placed, stored, sold or offered for sale. Any vapor products distributor or vapor products dealer in possession, control or occupancy of any such business or vehicle is hereby directed and required upon demand to give to the commissioner the means, facilities, and opportunity for such inspections and examinations.

(b) Penalties. (1) The criminal penalties in sections eighteen hundred one through eighteen hundred seven and eighteen hundred seventeen of this chapter shall apply to this article with the same force and effect as if the language of those provisions had been set forth in full in this article except to the extent that any provision is either inconsistent with a provision of this article or is not relevant to the taxes imposed by this article.

(2) If any person registered under section eleven hundred eighty-three of this article refuses to give the commissioner the means, facilities and opportunity for the inspections and examinations provided for in this article, such person's registration to distribute or to sell vapor products in this state shall be revoked for a period of one year or, for a second such failure within a period of three years, such registration shall be permanently revoked.

(3) If any person required to be registered under section eleven hundred eighty-three of this article who does not possess a valid registration, or whose registration is revoked, refuses to give the commissioner the means, facilities and opportunity for such inspections and examinations provided for in this article, such person shall be subject to a civil penalty of up to four thousand dollars for the first such refusal, and up to eight thousand dollars for a second or any subsequent such refusal within three years of a prior refusal.

(4) Any vapor products distributor who: (i) sells vapor products to a vapor products dealer that does not possess a valid registration under section eleven hundred eighty-three of this article, or whose registration is revoked; (ii) manufactures, sells, imports, or causes to be

imported, into this state any contraband vapor products; or (iii) possesses contraband vapor products for sale in this state shall be subject to a civil penalty of up to four thousand dollars for the first such violation, and up to eight thousand dollars for a second or any subsequent violation within three years. The possession by a vapor products distributor of more than one hundred units of any vapor products in its place of business or any offices or vehicles used to conduct business shall be presumptive evidence that such vapor products are possessed for the purpose of sale or transfer to a retail dealer.

(5) Any vapor products dealer who possesses contraband vapor products for sale in this state shall be liable for a civil penalty of up to twenty-five thousand dollars for a first violation and up to thirty-five thousand dollars for a second or any subsequent violation within three years following a prior violation. The possession by a vapor products dealer of more than one hundred units of any vapor products in a retail location shall be presumptive evidence that such vapor products are possessed for the purpose of a sale.

(6) Any vapor products dealer who purchases vapor products from any vapor products distributor who does not possess a valid registration under section eleven hundred eighty-three of this article, or whose registration is revoked, shall be subject to a civil penalty of up to four thousand dollars for the first such sale, and up to eight thousand dollars for a second or any subsequent sale within three years.

(c) Forfeiture and seizure. (1) The commissioner, or their duly authorized representative, shall seize any contraband vapor products found in any place of business or vehicle where such products are distributed, placed, stored, sold or offered for sale. Such seized contraband vapor products shall be immediately forfeited to the state. If such contraband vapor products are not the subject of a criminal referral, such contraband vapor products shall be turned over to the commissioner of health for destruction.

(2) Contraband vapor products that have been seized pursuant to this subdivision that are the subject of a criminal referral shall be held in the custody of either the commissioner or the prosecutor until such time as the related criminal action has concluded. Notwithstanding any provision of law to the contrary, such vapor products may be turned over to the commissioner of health for destruction upon the written consent of the prosecutor or an authorized assistant or agent thereof.

(3) The commissioner or the commissioner of health, whomever is in possession of the seized and forfeited vapor products, may implement procedures whereby any cost charged for the storage and destruction of the seized and forfeited vapor products will be borne jointly and severally by the manufacturer of the product and the person from whom such products were seized.

§ 7. The tax law is amended by adding a new section 1187 to read as follows:

§ 1187. Vapor products registry. (a) The commissioner shall maintain a publicly available vapor products registry that lists all vapor products the commissioner has authorized to be sold in this state. Such registry shall be updated at least monthly.

(b) Every manufacturer of vapor products whose vapor products are sold in this state shall certify to the commissioner each calendar year, or earlier as necessary, on a form and in a manner prescribed by the commissioner, that: (1) the manufacturer has received a marketing authorization or similar order for each such vapor product from the United States food and drug administration pursuant to section three

hundred eighty-seven-j of the federal food, drug, and cosmetic act; or (2) each vapor product was marketed in the United States as of August eighth, two thousand sixteen, a pre-market tobacco product application was submitted for the vapor product to the United States food and drug administration pursuant to section three hundred eighty-seven-j of the federal food, drug, and cosmetic act on or before September ninth, two thousand twenty, and either the application remains under review by the United States food and drug administration or a final decision on the application has not taken effect.

(c)(1) A vapor products manufacturer must file an application for certification to the commissioner or for an amended certification to add additional vapor products to the vapor products registry if the vapor product satisfies the requirements provided in this section. Such certification shall be effective for the calendar year in which it is issued; provided, however, that any vapor products approved by the commissioner for inclusion on the vapor products registry shall only be listed on the registry and sold in this state until the end of the calendar year, at which time, a manufacturer that intends to continue to sell such vapor products in this state shall reapply to the commissioner for such products to remain on the registry for the next calendar year. The application shall include a schedule, in the manner prescribed by the commissioner, that separately lists each of the vapor products intended for sale in the state. The manufacturer shall submit with the application a non-refundable fee equal to one thousand five hundred dollars per individual vapor product to be listed on the registry for each calendar year.

(2) For each vapor product to be listed on the registry, the application to the commissioner shall include a copy of the marketing authorization or similar order for the vapor product issued by the United States food and drug administration pursuant to section three hundred eighty-seven-j of the federal food, drug, and cosmetic act, as provided under paragraph one of subdivision (b) of this section, or evidence that the pre-market tobacco product application for the vapor product was submitted to the United States food and drug administration, as provided under paragraph two of subdivision (b) of this section and a final decision on the application has not taken effect. Other information, including but not limited to, the twelve-digit universal product code, a picture of the product label, a picture of the product to be listed on the registry, the manufacturer contact information, and any other information as prescribed by the commissioner, shall be included with the application.

(d) A manufacturer shall notify the commissioner within thirty days of any material change to the information contained in its application, including any order or action by the United States food and drug administration that affects the ability of the vapor product to be introduced or delivered into interstate commerce for commercial distribution in the United States.

(e) Any vapor products that cannot be lawfully sold or possessed in this state shall not be listed on the vapor products registry. Vapor products distributors and vapor products dealers shall not purchase or sell any vapor products that are not listed on the vapor products registry. The commissioner may impose on each such distributor or dealer who sells or offers for sale vapor products in this state that are not listed on the vapor product registry a civil penalty of one thousand dollars per day for each vapor product offered for sale in violation of this section until each such vapor product is no longer offered for sale in

this state or each such vapor product is properly listed on the registry pursuant to this section; provided, however, that any such penalty imposed under this subdivision shall not exceed fifty thousand dollars in the aggregate per day.

(f) (1) The commissioner shall provide a vapor products manufacturer with notice and an opportunity to cure deficiencies before removing a vapor product from the registry. The commissioner may remove a vapor product from the registry no sooner than ten business days after the date on which the commissioner provides such notice to the manufacturer by electronic mail to the address provided on the vapor product manufacturer's most recent application for inclusion on the vapor products registry submitted pursuant to this section.

(2) A determination by the commissioner to refuse inclusion of or to remove a vapor product from the registry shall not be subject to review in the division of tax appeals, but may be reviewed pursuant to article seventy-eight of the civil practice law and rules, by a proceeding commenced in the county where the commissioner has their principal office.

(g) (1) When a vapor product is removed from the registry pursuant to this section, the commissioner shall publish on the vapor products registry website the name of the vapor product removed, the manufacturer of such vapor product, the date of the removal of the vapor product from such registry, and any additional information the commissioner prescribes.

(2) Each vapor products distributor and vapor products dealer that possesses in its inventory a vapor product that has been removed from the vapor products registry shall: (i) be notified of such removal by the manufacturer; and (ii) allow the manufacturer to retrieve the vapor product from its inventory no later than ten business days after the date the vapor product has been removed from the registry. After ten days following removal of a vapor product from the registry, any such removed vapor product shall be deemed contraband vapor products and subject to seizure, forfeiture, and destruction pursuant to section eleven hundred eighty-five of this article and shall not be purchased, sold, or transferred in this state. Notwithstanding whether any taxes on such vapor products have been paid or passed through to the purchaser, the cost of forfeiture and destruction of such contraband vapor products shall be borne jointly and severally by the manufacturer and the person from whom the vapor products are seized.

§ 8. Paragraph 6 of subdivision (a) of section 1801 of the tax law, as amended by section 4 of part F of chapter 25 of the laws of 2009, is amended to read as follows:

(6) fails to collect any tax required to be collected under articles twelve-A, eighteen, twenty, twenty-two, twenty-eight [~~or~~], twenty-eight-A, or twenty-eight-C of this chapter, or pursuant to the authority of article twenty-nine of this chapter;

§ 9. The tax law is amended by adding a new section 1814-b to read as follows:

§ 1814-b. Vapor products taxes. (a) Any person who, while not registered as a vapor products distributor pursuant to the provisions of article twenty-eight-C of this chapter, sells more than fifty units of vapor products to a vapor products dealer for sale within the state, shall be guilty of a misdemeanor. If, within any ninety-day period, such unregistered person sells more than one hundred units of vapor products to a vapor products dealer in this state, such person shall be guilty of a class A misdemeanor.

(b) Any person who, while not registered as a vapor products dealer pursuant to the provisions of article twenty-eight-C of this chapter, purchases or possesses for sale within this state, more than fifty units of vapor products shall be guilty of a misdemeanor. If, within any ninety-day period, such unregistered person purchases or possesses for sale more than one hundred units of vapor products from a vapor products distributor in this state, such person shall be guilty of a class A misdemeanor. Provided, further, that any person who has twice been convicted under this subdivision shall be guilty of a class E felony for any subsequent violation of this subdivision, regardless of the amount of vapor products involved in such violation.

(c)(1) Any person who sells or possesses for sale contraband vapor products in this state shall be guilty of a class A misdemeanor. Any person who violates the provisions of this paragraph after having previously been convicted of a violation of this paragraph within the preceding five years, shall be guilty of a class E felony.

(2) Any person who sells or possesses for sale in this state more than three hundred units of contraband vapor products shall be guilty of a class E felony.

(3) Any person who sells or possesses for sale in this state more than five hundred units of contraband vapor products shall be guilty of a class D felony.

(d) Any person required to be registered under the provisions of section eleven hundred eighty-three of this chapter that willfully represents any false information required on the application prescribed in section eleven hundred eighty-three of this chapter, shall be guilty of a class A misdemeanor for each false representation. Any such person who violates the provisions of this subdivision after having previously been convicted of a violation of this subdivision within the preceding five years shall be guilty of a class E felony.

§ 10. Subdivision 3 of section 1399-ff of the public health law, as amended by chapter 405 of the laws of 2000, is amended to read as follows:

3. The enforcement officer shall promptly notify the commissioner of taxation and finance and the director of the division of the lottery of any determination, made after a hearing and any appeals therefrom have been concluded, that a violation of this article has occurred together with a direction to such commissioner and director with respect to any action to be taken concerning registration under [~~section~~] sections four hundred eighty-a and eleven hundred eighty-three of the tax law and licensing under section sixteen hundred seven of the tax law.

§ 11. Notwithstanding any other provision of law to the contrary, the vapor products distributor tax due on vapor products that were first imported or manufactured and are currently possessed in New York state as of 11:59 pm eastern standard time on August 31, 2026, by any person in possession for sale shall be subject to tax pursuant to subdivision (a) of section 1181 of the tax law, as amended by section three of this act, and shall be paid on or before September 20, 2026, in the form and manner prescribed by the commissioner of taxation and finance. It shall be presumed that the vapor products distributor tax imposed by article 28-C of the tax law has not been paid and is owing on all inventory in the possession and control of a vapor products dealer.

§ 12. This act shall take effect immediately; provided, however, that sections three, six, eight and nine of this act shall take effect September 1, 2026.

PART M

Section 1. The opening paragraph of subparagraph (B) of paragraph 2 of subdivision (b) of section 1402 of the tax law, as amended by section 1 of part U of chapter 59 of the laws of 2023, is amended to read as follows:

For purposes of this subdivision, the phrase "real estate investment trust transfer" shall mean any conveyance of real property or an interest therein to a REIT, or to a partnership or corporation in which a REIT owns a controlling interest immediately following the conveyance, which conveyance (I) occurs in connection with the initial formation of the REIT, provided that the conditions set forth in clauses (i) and (ii) of this subparagraph are satisfied, or (II) in the case of any real estate investment trust transfer occurring on or after July thirteenth, nineteen hundred ninety-six and before September first, two thousand [~~twenty-six~~] **twenty-nine**, is described in the last sentence of this subparagraph.

§ 2. Subparagraph 2 of paragraph (xi) of subdivision (b) of section 1201 of the tax law, as amended by section 2 of part U of chapter 59 of the laws of 2023, is amended to read as follows:

(2) any issuance or transfer of an interest in a REIT, or in a partnership or corporation in which a REIT owns a controlling interest immediately following the issuance or transfer, in connection with a transaction described in subparagraph one of this paragraph. Notwithstanding the foregoing, a transaction described in the preceding sentence shall not constitute a real estate investment trust transfer unless (A) it occurs in connection with the initial formation of the REIT and the conditions described in subparagraphs three and four of this paragraph are satisfied, or (B) in the case of any real estate investment trust transfer occurring on or after July thirteenth, nineteen hundred ninety-six and before September first, two thousand [~~twenty-six~~] **twenty-nine**, the transaction is described in subparagraph five of this paragraph in which case the provisions of such subparagraph shall apply.

§ 3. Subparagraph (B) of paragraph 2 of subdivision e of section 11-2102 of the administrative code of the city of New York, as amended by section 3 of part U of chapter 59 of the laws of 2023, is amended to read as follows:

(B) any issuance or transfer of an interest in a REIT, or in a partnership or corporation in which a REIT owns a controlling interest immediately following the issuance or transfer in connection with a transaction described in subparagraph (A) of this paragraph. Notwithstanding the foregoing, a transaction described in the preceding sentence shall not constitute a real estate investment trust transfer unless (i) it occurs in connection with the initial formation of the REIT and the conditions described in subparagraphs (C) and (D) of this paragraph are satisfied, or (ii) in the case of any real estate investment trust transfer occurring on or after July thirteenth, nineteen hundred ninety-six and before September first, two thousand [~~twenty-six~~] **twenty-nine**, the transaction is described in subparagraph (E) of this paragraph in which case the provision of such subparagraph shall apply.

§ 4. This act shall take effect immediately.

PART N

Section 1. Notwithstanding any provision of law to the contrary, the commissioner of taxation and finance is hereby directed to institute a

reregistration program in accordance with this section, to be completed by December 31, 2030. Such commissioner shall issue a notice of expiration to holders of current certificates of authority in an order and at such times that such commissioner determines necessary for the proper administration of such reregistration program and to ensure the integrity and qualifications of registrants pursuant to this section. Such notice of expiration shall be issued to the holder of such certificate of authority at least 180 days prior to the date of expiration indicated therein and shall be mailed by certified mail in accordance with the provisions in subdivision (a) of section 1147 of the tax law. A properly completed certificate of registration for a new certificate of authority must be filed with such commissioner at least 90 days prior to the date of expiration of the current certificate of authority. The commissioner, within 30 days of receipt of a certificate of registration for a new certificate of authority pursuant to this section, shall either: issue, without charge, to each registrant a certificate of authority empowering such person to collect sales tax for a specified term of no less than three years, and a duplicate thereof for each additional place of business of such person; or, shall propose to refuse to issue a certificate of authority for any of the circumstances described in subparagraph (B) of paragraph 4 of subdivision (a) of section 1134 of the tax law. A person who has received a notice of proposed refusal pursuant to this section may seek review of such determination in accordance with paragraph (h) of subdivision 3-a of section 170 and subdivision 2 of section 2008 of the tax law; provided, however, the division of tax appeals must schedule an expedited hearing within 30 days of receipt of a petition by a person who has received a notice of proposed refusal pursuant to this section.

§ 2. (a) Notwithstanding any provision of law to the contrary, the commissioner of taxation and finance shall administer a sales and use tax penalty and interest discount program for all eligible taxpayers with eligible tax liabilities as described in this section.

(b) For purposes of this sales and use tax penalty and interest discount program, an eligible taxpayer is any person who is a holder of a current certificate of authority subject to the reregistration program authorized by section one of this act who has an eligible tax liability, and who meets the conditions of this section. A person convicted of a crime under the tax law, or a person convicted under the penal law who is subject to a court order to pay a tax liability as result of such conviction, is not eligible to participate in this program.

(c) For purposes of this section, an eligible tax liability is a liability for sales and use taxes imposed by article 28 of the tax law or pursuant to the authority of article 29 of such law, including any interest or penalty thereon, that is fixed and final on or before September 1, 2026, such that the taxpayer no longer has any right to an administrative or judicial review. An eligible tax liability shall not include any penalty imposed by paragraphs 2 or 5 of subdivision (a) of section 1145 of the tax law, or subdivisions (i) or (j) of such section 1145, as added by section 15 of subpart J of part V-1 of chapter 57 of the laws of 2009. An eligible tax liability shall not include any assessment that was reduced by a written agreement with the commissioner, a liability that was compromised pursuant to subdivision eighteenth-a of section 171 of the tax law, or a liability reduced pursuant to subdivision 3 of section 1700 of the tax law.

(d) The discounted amount due under the sales and use tax penalty and interest discount program for an eligible taxpayer with an eligible tax

liability shall be the sales or use tax liability plus fifty percent of the interest accrued thereon, through December 31, 2026.

(e) The commissioner of taxation and finance shall identify the eligible taxpayers with eligible tax liabilities for purposes of this section, shall compute the discounted amount due on such eligible tax liabilities, and shall notify eligible taxpayers of such discounted amount due. The discount authorized by this section shall not be granted to any eligible taxpayer for any eligible tax liability unless the eligible taxpayer pays the discounted amount due in full on or before December 31, 2026. Payment pursuant to this program shall be made by eligible taxpayers with eligible tax liabilities in a form and manner as prescribed by the commissioner of taxation and finance.

(f) No refund will be granted or subsequent credit allowed with respect to any penalty or interest paid with respect to an eligible tax liability prior to the time the eligible taxpayer participates in the sales and use tax penalty and interest discount program.

(g) No refund will be granted or subsequent credit allowed with respect to any amount paid under the sales and use tax penalty and interest discount program.

(h) If an eligible taxpayer has entered into an installment payment agreement that applies to an eligible tax liability, the taxpayer may participate in the sales and use tax penalty and interest discount program with respect to that liability if the taxpayer pays the discounted amount due under such program in full by December 31, 2026.

§ 3. This act shall take effect immediately.

PART O

Section 1. Section 1115 of the tax law is amended by adding a new subdivision (mm) to read as follows:

(mm) The following shall be exempt from tax under this article: (1) Receipts from the retail sale of electricity by means of a commercial electric vehicle charging station. For purposes of this subdivision, a "commercial electric vehicle charging station" shall mean a device that supplies electricity to charge the battery of an electric vehicle and that accepts payment for such electricity at the time such charging takes place.

(2) The purchase of electricity for sale by means of a commercial electric vehicle charging station shall be deemed a retail sale subject to tax under subdivision (b) of section eleven hundred five of this article.

§ 2. This act shall take effect on the first day of a sales tax quarterly period next commencing at least 90 days after this act shall have become a law.

PART P

Section 1. Subparagraph (B) of paragraph 1 of subdivision (a) of section 1115 of the tax law, as amended by section 1 of part AA of chapter 59 of the laws of 2025, is amended to read as follows:

(B) Until May thirty-first, two thousand [~~twenty-six~~] **twenty-nine**, the food and drink excluded from the exemption provided by clauses (i), (ii) and (iii) of subparagraph (A) of this paragraph, and bottled water, shall be exempt under this subparagraph: (i) when sold for one dollar and fifty cents or less through any vending machine that accepts coin or currency only; or (ii) when sold for two dollars or less through any

vending machine that accepts any form of payment other than coin or currency, whether or not it also accepts coin or currency.

§ 2. This act shall take effect immediately.

PART Q

Section 1. Section 2 of part PP of chapter 58 of the laws of 2024 amending the tax law relating to establishing a sales tax exemption for residential energy storage, is amended to read as follows:

§ 2. This act shall take effect June 1, 2024 and shall expire and be deemed repealed June 1, [~~2026~~] **2028**.

§ 2. This act shall take effect immediately.

PART R

Section 1. Subdivision (a) of section 308 of the tax law, as amended by chapter 2 of the laws of 1995, is amended to read as follows:

(a) General.--Every petroleum business subject to tax under this article shall monthly, on or before the twentieth day following the close of its taxable month, file a return which shall state (i) the number of gallons of motor fuel imported or caused to be imported into this state for use, distribution, storage or sale in the state or produced, refined, manufactured or compounded in the state during the preceding calendar month, (ii) the number of gallons of diesel motor fuel sold or used or, with respect to gallonage which prior thereto has not been included in the measure of the tax imposed by this article, delivered by the petroleum business to a filling station or into the fuel tank connecting with the engine of a motor vehicle for use in the operation thereof during the preceding calendar month, (iii) the number of gallons of, and the resultant product produced, manufactured or blended, using diesel motor fuel as a component of such resultant product and the sales of such resultant product, and (iv) the number of gallons of residual petroleum product sold or used in this state and the sales of such residual petroleum product, for the period covered by such return. A residual petroleum business shall include in its reports the number of gallons of residual petroleum product imported into the state or purchased in this state, the number of gallons of diesel motor fuel purchased in this state and the number of gallons of, and the resultant product produced, manufactured or blended by such petroleum business, using diesel motor fuel as a component of such resultant product. The commissioner of taxation and finance may permit the filing of a return on a quarterly basis in the case of a petroleum business which only makes sales of diesel motor fuel solely for residential heating purposes and which is registered under article twelve-A of this chapter as a diesel motor fuel distributor under a limited registration applicable only to the importation, sale and distribution of diesel motor fuel for the purposes described in subparagraph (i) of paragraph (b) of subdivision three of section two hundred eighty-two-a of this chapter or in the case of a petroleum business registered as a "distributor of kero-jet fuel only" pursuant to the provisions of subdivision two of section two hundred eighty-two-a of this chapter. In the case of such returns permitted to be filed on a quarterly basis, the adjustments to the rates of tax then in effect, as provided for in sections three hundred one-a and three hundred one-e of this article, which take effect on the first day of January of each year shall, with respect to such quarterly return, take effect on the first day of the next succeeding March.

Returns shall be filed with the commissioner [~~in~~] **on** a form prescribed by the commissioner, setting forth such other information as the commissioner may prescribe. Every petroleum business shall also transmit such other returns and such facts and information as the commissioner may require in the administration of this article. Every petroleum business which is a corporation subject to tax under this article and which ceases to exercise its franchise or to be subject to the tax imposed by this article shall transmit to the commissioner a return on the date of such cessation, or at such other time as the commissioner may require, covering each month or period for which no return was theretofore filed. The commissioner may, if the commissioner deems it necessary in order to insure the payment of the tax imposed by this article, require returns to be made at such times and covering such periods as the commissioner may deem necessary. Notwithstanding the foregoing provisions of this subdivision, the commissioner may require any corporation or unincorporated business [~~which~~] **that** engages in transactions involving petroleum or similar products, including aviation fuels, to file a monthly return, which shall contain [~~any data specified by him~~] **such information as the commissioner prescribes**, regardless of whether such corporation or unincorporated business is subject to tax under this article. **Notwithstanding the provisions of this subdivision, every petroleum business that operates a "commercial vessel", as defined in subdivision (b) of section eleven hundred one of this chapter, shall annually file the returns required under this section, on a form and containing such information as the commissioner prescribes. Such "commercial vessel" returns shall be filed annually on or before March twentieth and shall cover the four sales tax quarterly periods described in subdivision (b) of section eleven hundred thirty-six of this chapter immediately preceding such date.**

§ 2. This act shall take effect on the first day of the month next commencing at least ninety days after this act shall have become a law; provided, however, that a petroleum business that is required to file an annual return pursuant to section one of this act shall be required to file monthly returns for periods ending on or before such effective date; and provided further, however, that such petroleum business shall file an annual return for the remainder of the annual period of March 1, 2026 through February 28, 2027, on or before March 20, 2027, and shall be required to file annual returns thereafter.

PART S

Section 1. Section 19 of part W-1 of chapter 109 of the laws of 2006 amending the tax law and other laws relating to providing exemptions, reimbursements and credits from various taxes for certain alternative fuels, as amended by section 1 of part EE of chapter 59 of the laws of 2021, is amended to read as follows:

§ 19. This act shall take effect immediately; provided, however, that sections one through thirteen of this act shall take effect September 1, 2006 and shall be deemed repealed on September 1, [~~2026~~] **2031** and such repeal shall apply in accordance with the applicable transitional provisions of sections 1106 and 1217 of the tax law, and shall apply to sales made, fuel compounded or manufactured, and uses occurring on or after such date, and with respect to sections seven through eleven of this act, in accordance with applicable transitional provisions of sections 1106 and 1217 of the tax law; provided, however, that the commissioner of taxation and finance shall be authorized on and after

the date this act shall have become a law to adopt and amend any rules or regulations and to take any steps necessary to implement the provisions of this act; provided further that sections fourteen through sixteen of this act shall take effect immediately and shall apply to taxable years beginning on or after January 1, 2006.

§ 2. This act shall take effect immediately.

PART T

Section 1. Paragraph (a-2) of subdivision 6 of section 425 of the real property tax law, as amended by section 1 of subpart A of part Z of chapter 59 of the laws of 2022, is amended to read as follows:

(a-2) Notwithstanding any provision of law to the contrary, [~~where an application for the "enhanced" STAR exemption authorized by subdivision four of this section has not been filed on or before the taxable status date, and the owner believes that good cause existed for the failure to file the application by that date,~~] **when a property owner of a property with a basic STAR exemption believes they have become eligible for the enhanced STAR exemption but their basic STAR exemption has not been changed to an enhanced STAR exemption pursuant to the provisions of paragraph (b) of subdivision four-b of this section,** the owner may, no later than the last day for paying school taxes without incurring interest or penalty, submit a [~~written~~] request to the commissioner asking [~~him or her to extend the filing deadline and~~] **the commissioner to** grant the exemption. Such request shall **be in a form prescribed by the commissioner and shall** contain an explanation of why the [~~deadline was missed, and shall be accompanied by an application, reflecting the facts and circumstances as they existed on the taxable status date~~] **property owner believes they have become eligible for the enhanced STAR exemption**. After consulting with the assessor, the commissioner may [~~extend the filing deadline and~~] grant the exemption if the commissioner is satisfied that [~~(i) good cause existed for the failure to file the application by the taxable status date, and that (ii)~~] the applicant is [~~otherwise~~] entitled to the exemption. The commissioner shall mail notice of [~~his or her~~] **such** determination to such owner and the assessor. If the determination states that the commissioner has granted the exemption, the assessor shall thereupon be authorized and directed to correct the assessment roll accordingly, or, if another person has custody or control of the assessment roll, to direct that person to make the appropriate corrections. Provided, however, that if the assessment roll cannot be corrected in time for the exemption to appear on the applicant's school tax bill, the commissioner shall be authorized to remit directly to the applicant the tax savings that the STAR exemption would have yielded if it had appeared on the applicant's tax bill. The amounts so payable shall be paid from the account established for the payment of STAR benefits to late registrants pursuant to subparagraph (iii) of paragraph (a) of subdivision fourteen of this section.

§ 2. Paragraphs (c) and (d) of subdivision 14 of section 425 of the real property tax law are REPEALED and a new paragraph (c) is added to read as follows:

(c) When the commissioner determines that a property is ineligible for a STAR exemption, notice of such determination and an opportunity for review thereof shall be provided in the manner set forth in subdivision four-b of this section.

§ 3. Subparagraphs (ii) and (iii) of paragraph (b) of subdivision 15 of section 425 of the real property tax law are REPEALED and a new subparagraph (ii) is added to read as follows:

(ii) When the commissioner determines that a property is ineligible for a STAR exemption, notice of such determination and an opportunity for review thereof shall be provided in the manner set forth in subdivision four-b of this section.

§ 4. Subparagraph (A) of paragraph 1 of subsection (eee) of section 606 of the tax law, as amended by section 8 of part A of chapter 73 of the laws of 2016, is amended to read as follows:

(A) "Qualified taxpayer" means a resident individual of the state, who maintained [~~his or her~~] **their** primary residence in this state on [~~December thirty-first~~] **July first** of the taxable year, and who was an owner of that property on that date, provided however:

(i) A taxpayer whose primary residence received a STAR exemption for the associated fiscal year shall not be considered a qualified taxpayer for purposes of this subsection.

(ii) An individual may be considered a qualified taxpayer with respect to no more than one primary residence during any given taxable year.

[~~(iii) If a resident individual was an owner of the property during the taxable year but did not own it on December thirty-first of the taxable year, he or she shall be considered a qualified taxpayer if the property was his or her primary residence during the taxable year and he or she paid qualifying taxes on that property while he or she was still an owner of that property.~~

~~(iv) If a resident individual has acquired ownership of property during a taxable year, such resident individual shall not be considered a qualified taxpayer for that taxable year to the extent that an advance payment of the credit for that taxable year has been issued to the prior owner with respect to the same property, unless such resident individual can demonstrate that he or she paid qualifying taxes on such property during the taxable year, and that the prior owner did not.~~]

§ 5. Subsection (eee) of section 606 of the tax law is amended by adding a new paragraph 2 to read as follows:

(2) Allowance of credit. A qualified taxpayer shall be allowed a credit as provided in paragraph three or four of this subsection, whichever is applicable, against the taxes imposed by this article reduced by the credits permitted by this article, provided that the requirements set forth in the applicable subsection are satisfied. If the credit exceeds the tax as so reduced for such year under this article, the excess shall be treated as an overpayment, to be credited or refunded, without interest. 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 the full amount of the credit to be credited or repaid as an overpayment, without interest thereon.

§ 6. The opening paragraph of subparagraph (A) of paragraph 4 of subsection (eee) of section 606 of the tax law, as amended by section 11 of part O of chapter 59 of the laws of 2025, is amended to read as follows:

Beginning with taxable years after two thousand [~~twenty-four~~] **twenty-five**, an enhanced STAR credit shall be available to a qualified taxpayer where both of the following conditions are satisfied:

§ 7. Subparagraph (C) of paragraph 13 of subsection (eee) of section 606 of the tax law, as added by section 1 of part TT of chapter 59 of the laws of 2017, is amended to read as follows:

(C) If the commissioner determines that a taxpayer received a preliminary advance payment that is above or below the advance payment to which he or she was entitled under this subsection, the commissioner shall provide notice to such taxpayer that the next advance payment due to such taxpayer under this subsection shall be adjusted to reconcile such underpayment or overpayment[~~; provided, however, the commissioner shall permit a taxpayer to request that such adjustment be made on an originally filed timely income tax return for the tax year in which such overpayment or underpayment occurred, provided such return is filed on or before the due date for such return, determined without regard to extensions~~].

§ 8. This act shall take effect immediately; provided, however, that section six of this act shall be deemed to have been in full force and effect on and after January 1, 2026.

PART U

Section 1. Section 4 of chapter 475 of the laws of 2013 amending the real property tax law relating to assessment ceilings for local public utility mass real property, as amended by section 1 of part Y of chapter 59 of the laws of 2022, is amended to read as follows:

§ 4. This act shall take effect on the first of January of the second calendar year commencing after this act shall have become a law and shall apply to assessment rolls with taxable status dates on or after such date; provided, however, that this act shall expire and be deemed repealed [~~twelve~~] **sixteen** years after such effective date; and provided, further, that no assessment of local public utility mass real property appearing on the municipal assessment roll with a taxable status date occurring in the first calendar year after this act shall have become a law shall be less than ninety percent or more than one hundred ten percent of the assessment of the same property on the date this act shall have become a law.

§ 2. This act shall take effect immediately.

PART V

Section 1. Paragraph a of subdivision 3 of section 467-b of the real property tax law, as amended by section 1 of part U of chapter 55 of the laws of 2014, is amended to read as follows:

a. for a dwelling unit where the head of the household is a person sixty-two years of age or older, no tax abatement shall be granted if the combined income of all members of the household for the income tax year immediately preceding the date of making application exceeds four thousand dollars, or such other sum not more than twenty-five thousand dollars beginning July first, two thousand five, twenty-six thousand dollars beginning July first, two thousand six, twenty-seven thousand dollars beginning July first, two thousand seven, twenty-eight thousand dollars beginning July first, two thousand eight, twenty-nine thousand dollars beginning July first, two thousand nine, [~~and~~] fifty thousand dollars beginning July first, two thousand fourteen, **and seventy-five thousand dollars beginning July first, two thousand twenty-six,** as may be provided by the local law, ordinance or resolution adopted pursuant to this section, provided that when the head of the household retires before the commencement of such income tax year and the date of filing the application, the income for such year may be adjusted by excluding salary or earnings and projecting [~~his or her~~] **their** retirement income

over the entire period of such year**, and further provided that, notwithstanding any other provision of law, in a city with a population of one million or more, the income limit of seventy-five thousand dollars beginning July first, two thousand twenty-six, shall apply without the need for a local law, ordinance or resolution to be adopted pursuant to this section**.

§ 2. Paragraph b of subdivision 3 of section 467-b of the real property tax law, as amended by section 1 of chapter 129 of the laws of 2014, is amended to read as follows:

b. for a dwelling unit where the head of the household qualifies as a person with a disability pursuant to subdivision five of this section, no tax abatement shall be granted if the combined income for all members of the household for the current income tax year exceeds fifty thousand dollars beginning July first, two thousand fourteen, **and seventy-five thousand dollars beginning July first, two thousand twenty-six,** as may be provided by the local law, ordinance or resolution adopted pursuant to this section**, and further provided that, notwithstanding any other provision of law, in a city with a population of one million or more, the income limit of seventy-five thousand dollars beginning July first, two thousand twenty-six shall apply without the need for a local law, ordinance or resolution to be adopted pursuant to this section**.

§ 3. Subparagraph 1 of paragraph d of subdivision 1 of section 467-c of the real property tax law, as amended by section 2 of part U of chapter 55 of the laws of 2014, is amended to read as follows:

(1) a person or [~~his or her~~] **their** spouse who is sixty-two years of age or older and is entitled to the possession or to the use and occupancy of a dwelling unit, provided, however, with respect to a dwelling which was subject to a mortgage insured or initially insured by the federal government pursuant to section two hundred thirteen of the National Housing Act, as amended "eligible head of the household" shall be limited to that person or [~~his or her~~] **their** spouse who was entitled to possession or the use and occupancy of such dwelling unit at the time of termination of such mortgage, and whose income when combined with the income of all other members of the household, does not exceed six thousand five hundred dollars for the taxable period, or such other sum not less than sixty-five hundred dollars nor more than twenty-five thousand dollars beginning July first, two thousand five, twenty-six thousand dollars beginning July first, two thousand six, twenty-seven thousand dollars beginning July first, two thousand seven, twenty-eight thousand dollars beginning July first, two thousand eight, twenty-nine thousand dollars beginning July first, two thousand nine, [~~and~~] fifty thousand dollars beginning July first, two thousand fourteen, **and seventy-five thousand dollars beginning July first, two thousand twenty-six,** as may be provided by local law**, and further provided that, notwithstanding any other provision of law, in a city with a population of one million or more, the income limit of seventy-five thousand dollars beginning July first, two thousand twenty-six shall apply without the need for a local law to be adopted pursuant to this section**; or

§ 4. Paragraph m of subdivision 1 of section 467-c of the real property tax law, as amended by chapter 129 of the laws of 2014, is amended to read as follows:

m. "Person with a disability" means an individual who is currently receiving social security disability insurance (SSDI) or supplemental security income (SSI) benefits under the federal social security act or disability pension or disability compensation benefits provided by the United States department of veterans affairs or those previously eligi-

ble by virtue of receiving disability benefits under the supplemental security income program or the social security disability program and currently receiving medical assistance benefits based on determination of disability as provided in section three hundred sixty-six of the social services law and whose income for the current income tax year, together with the income of all members of such individual's household, does not exceed fifty thousand dollars beginning July first, two thousand fourteen, **and seventy-five thousand dollars beginning July first, two thousand twenty-six,** as may be provided by local law**, and further provided that, notwithstanding any other provision of law, in a city with a population of one million or more, the income limit of seventy-five thousand dollars beginning July first, two thousand twenty-six shall apply without the need for a local law to be adopted pursuant to this section**.

§ 5. Section 4 of part U of chapter 55 of the laws of 2014, amending the real property tax law relating to the tax abatement and exemption for rent regulated and rent controlled property occupied by senior citizens, as amended by chapter 144 of the laws of 2024, is amended to read as follows:

§ 4. This act shall take effect July 1, 2014, and sections one and two of this act shall expire and be deemed repealed June 30, [~~2026~~] **2028**; provided that the amendment to section 467-b of the real property tax law made by section one of this act shall not affect the expiration of such section and shall be deemed to expire therewith.

§ 6. Section 4 of chapter 129 of the laws of 2014, amending the real property tax law relating to the tax abatement and exemption for rent regulated and rent controlled property occupied by persons with disabilities, as amended by chapter 144 of the laws of 2024, is amended to read as follows:

§ 4. This act shall take effect July 1, 2014 provided, however, that:

(a) the amendments to paragraph b of subdivision 3 of section 467-b of the real property tax law made by section one of this act shall be subject to the expiration and reversion of such subdivision pursuant to section 17 of chapter 576 of the laws of 1974, as amended, when upon such date the provisions of section two of this act shall take effect; and

(b) nothing contained in this act shall be construed so as to extend the provisions of this act beyond June 30, [~~2026~~] **2028**, when upon such date this act shall expire and the provisions contained in this act shall be deemed repealed.

§ 7. This act shall take effect immediately; provided however:

(a) sections one, two, three and four of this act shall expire and be deemed repealed June 30, 2028;

(b) the amendments to paragraphs a and b of subdivision 3 of section 467-b of the real property tax law made by sections one and two of this act shall not affect the expiration of such paragraphs and shall be deemed to expire therewith;

(c) the amendments to subparagraph 1 of paragraph d of subdivision 1 of section 467-c of the real property tax law made by section three of this act shall not affect the expiration of such subparagraph and shall be deemed to expire therewith; and

(d) the amendments to paragraph m of subdivision 1 of section 467-c of the real property tax law made by section four of this act shall not affect the expiration of such paragraph and shall be deemed to expire therewith.

PART W

Section 1. Subdivisions 2, 4 and 5 of section 136 of the racing, pari-mutuel wagering and breeding law, as added by section 1 of subpart A of part FF of chapter 59 of the laws of 2025, are amended to read as follows:

2. Beginning with state fiscal year two thousand twenty-six, the aggregate amount of the pari-mutuel wagering tax paid by a harness track pursuant to [~~paragraph (b) of~~] subdivision one of this section in a state fiscal year shall not exceed the pari-mutuel wagering tax attributable to live racing handle paid by such harness track in state fiscal year two thousand twenty-four.

4. Breaks[~~, as defined in sections two hundred thirty-six, two hundred thirty-eight, three hundred eighteen, and four hundred eighteen of this chapter~~] are not permitted, unless required by another jurisdiction pursuant to section nine hundred five of this chapter. All distributions to the holders of winning tickets shall be calculated to the nearest penny.

5. Notwithstanding subdivision four of this section, a racetrack may round to the nearest nickel for bets made at the facility[~~, however the~~] **only if such** breaks [~~must be~~] **are** directed to the retired and rescued thoroughbred horse aftercare fund pursuant to section two hundred nine-n of the tax law if the bet was made on a thoroughbred race, and to the retired and rescued standardbred horse aftercare fund pursuant to section two hundred nine-o of the tax law if the bet was made on a [~~standardbred~~] **harness** race.

§ 2. Section 236 of the racing, pari-mutuel wagering and breeding law, as amended by chapter 18 of the laws of 2008, subdivisions 1, 2, and 3 as amended by chapter 243 of the laws of 2020, is amended to read as follows:

§ 236. Disposition of pari-mutuel pools; percentage payable to state as a tax; authority of counties or certain cities to impose a tax. 1. Every corporation authorized under this chapter to conduct pari-mutuel betting at a race meeting on races run thereat, except as provided in section two hundred thirty-eight of this article with respect to the franchised corporation, shall distribute all sums deposited in any pari-mutuel pool to the holders of winning tickets therein, providing such tickets be presented for payment before April first of the year following the year of their purchase, less an amount that shall be established and retained by such racing corporation of between fourteen to twenty percent of the total deposits in pools resulting from regular on-track bets and less sixteen to twenty-two percent of the total deposits in pools resulting from multiple on-track bets and less twenty to thirty percent of the total deposits in pools resulting from exotic on-track bets and less twenty to thirty-six percent of the total pools resulting from super exotic on-track bets[~~, plus the breaks~~]. The retention rate to be established is subject to the prior approval of the commission. Such rate may not be changed more than once per calendar quarter to be effective on the first day of the calendar quarter. "Exotic bets" and "multiple bets" shall have the meanings set forth in section five hundred nineteen of this chapter [~~and breaks are hereby defined as the odd cents over any multiple of five for payoffs greater than one dollar five cents but less than five dollars, over any multiple of ten for payoffs greater than five dollars but less than twenty-five dollars, over any multiple of twenty-five for payoffs greater than twenty-five dollars but less than two hundred fifty dollars, or over any multiple of~~

~~fifty for payoffs over two hundred fifty dollars~~]. "Super exotic bets" shall have the meaning set forth in section three hundred one of this chapter. Of the amount so retained there shall be paid by such corporation to the department of taxation and finance as a reasonable tax by the state for the privilege of conducting pari-mutuel betting on the races run at the race meeting held by such corporation, which tax is hereby levied, [~~the following percentages of the total pool, plus fifty-five percent of the breaks; the applicable rates for regular and multiple bets shall be one and one-half percent; the applicable rates for exotic bets shall be six and three-quarter percent and the applicable rate for super exotic bets shall be seven and three-quarter percent. Effective on and after September first, nineteen hundred ninety-four, the applicable tax rate shall be one percent of all wagers, provided that, an amount equal to one-half the difference between the taxation rate for on-track regular, multiple and exotic bets as of December thirty-first, nineteen hundred ninety-three and the rates on such on-track wagers as herein provided shall be used exclusively for purses. Provided, however, that~~] **in the applicable percentage set forth in subdivision one of section one hundred thirty-six of this chapter. Any such racing corporation shall,** for any twelve-month period beginning on April first in nineteen hundred ninety and any year thereafter, [~~each of the applicable rates set forth above shall be increased by one-quarter of one percent on all on-track bets of any such racing corporation that did not~~] expend an amount equal to at least one-half of one percent of its on-track bets during the immediately preceding calendar year for enhancements consisting of capital improvements as defined by section two hundred thirty-seven of this article, repairs to its physical plant, structures, and equipment used in its racing or wagering operations [~~as certified by the commission to the commissioner of taxation and finance no later than eighty days after the close of such calendar year,~~] and five special events at each track in each calendar year, not otherwise conducted in the ordinary course of business, the purpose of which shall be to encourage, attract and promote track attendance and encourage new and continued patronage, which events shall be subject to the prior approval of the commission for purposes of this subdivision. In the determination of the amounts expended for such enhancements, the commission may consider the immediately preceding twelve-month calendar period or the average of the two immediately preceding twelve-month calendar periods. Provided further, however, that of the portion of the increased amounts retained by such corporation above those amounts retained in nineteen hundred eighty-four, an amount of such increase shall be distributed to purses in the same proportion as commissions and purses were distributed during nineteen hundred eighty-four as certified by the commission. [~~Such corporation in the second zone shall receive a credit against the daily tax imposed by this subdivision in an amount equal to four-tenths of one percent of total daily pools resulting from the simulcast of such corporation's races to licensed facilities operated by regional off-track betting corporations in accordance with section one thousand eight of this chapter, provided however, that sixty percent of the amount of such credit shall be used exclusively to increase purses for overnight races conducted by such corporation; and, provided further, that in no event shall such total daily credit exceed four-tenths of one percent of the total daily pool of such corporation.~~]

Such corporation shall pay to the New York state thoroughbred breeding and development fund one-half of one percent of the total daily on-track pari-mutuel pools from regular, multiple and exotic bets, and three

percent of super exotic bets. [~~The corporation shall receive credit as a reduction of the tax by the state for the privilege of conducting pari-mutuel betting for the amounts, except amounts paid from super exotic betting pools, paid to the New York state thoroughbred breeding and development fund after January first, nineteen hundred seventy-eight.~~]

Such corporation shall distribute to purses an amount equal to fifty percent of any compensation it receives from simulcasting or from wagering conducted outside the United States. Such corporation shall pay to the commission as a regulatory fee, which fee is hereby levied, six-tenths of one percent of the total daily on-track pari-mutuel pools of such corporation.

2. The balance of the retained percentage of such pool [~~and of the breaks~~] shall be held by such corporation for its own use and purposes, except that in addition to any payments to purses provided for in subdivision one of this section, an amount equal to two and one-half percent of the total pools resulting from on-track regular bets and exotic bets and an amount equal to three and one-half percent of the total pools resulting from on-track multiple bets and an amount equal to twelve percent of on-track super exotic bets shall be used exclusively for the purpose of increasing purses (including stakes, premiums and prizes) awarded to horses in races conducted by such corporation. Such two and one-half percent and three and one-half percent shall be in addition to (i) four and one-half percent of such total pools resulting from regular and multiple wagers and five and one-half percent of such total pools resulting from exotic wagers, or (ii) the percentage of such total pools used for purses (including stakes, premiums and prizes) during the year nineteen hundred eighty-two, whichever is larger. Such percentage of the total pools mentioned in this subdivision shall be used for purses (including stakes, premiums and prizes) in races hereafter conducted by such corporation, and any portion not so used during any year shall be so used during the following year[~~, failing which such portion shall be payable to the commissioner of taxation and finance as additional tax~~]. The commission shall report annually, on or before July first, to the director of the budget, the chair of the senate finance committee and the chair of the assembly ways and means committee the extent to which such corporation used and retained percentages [~~and breakage~~] for operations, maintenance, capital improvements, advertising and promotion, administration and general overhead and evaluate the effectiveness and make recommendations with respect to the application of the [~~reduced~~] rates of taxation [~~as provided for in subdivision one of this section in accomplishing the objectives stated therein~~]. Such report shall also specify the amount of such retained percentages [~~and breakage~~] used for investments not directly related to racing activities and such amounts used to declare dividends or other profit distributions, additions to capital stock, its sale and transfer and additions to retained earnings. Such reports shall also include an analysis of any such agreements or proposals to conduct or otherwise expand wagers authorized under article ten of this chapter and present its conclusions with respect to the conduct of such wagering, the nature of such proposals and agreements, and recommendations to ensure the future maintenance of the intent of this article.

3. [~~Tax rates in event of a failure to maintain~~] **Maintenance of** pari-mutuel racing activity. [~~a. Notwithstanding any other provision of this section to the contrary, for~~] **For** any calendar year commencing on or after January first, nineteen hundred eighty-nine, [~~in which~~] a racing corporation in zone two [~~does~~] **shall** not conduct [~~a minimum number of~~]

fewer pari-mutuel programs and pari-mutuel races at its facilities [~~equal to at least~~] than ninety percent of the programs and races so conducted during nineteen hundred eighty-five or during nineteen hundred eighty-six, whichever is less, [~~in lieu of the tax rates set forth in subdivision one of this section the applicable pari-mutuel tax rates for such corporation with respect to on-track pari-mutuel betting pools during such year shall be increased by one percent of regular, multiple and exotic betting pools. Notwithstanding the foregoing, no increase shall be proposed unless such corporation has been afforded notice and opportunity to be heard. The commission shall promulgate rules and regulations to implement the provisions relating to notice and hearing.~~

~~b. The provisions of this subdivision shall not apply to a corporation for any calendar year for which the commission certifies to the commissioner of taxation and finance:~~

~~(i) by December fifteenth of the year immediately preceding such year, that such corporation has been assigned for such year, from the programs and races it requested, at least the minimum number of programs and races prescribed in paragraph a of this subdivision, or, if fewer than such number were assigned for such year, that the assignment of such lesser number was for~~] unless such corporation demonstrates to the satisfaction of the commission good cause due to factors beyond the control of such corporation or because the commission [~~found~~] finds that it would be uneconomical or impractical for such corporation to be assigned or conduct the prescribed number[~~; and~~

~~(ii) by January thirty-first of the year immediately subsequent to such year, that such corporation did conduct such number of programs and races as were certified pursuant to subparagraph (i) of this paragraph, or if it failed to conduct such number that such failure was for good cause due to factors beyond its control or because the commission found it uneconomical or impractical for such corporation to conduct such a number.~~

~~c. For any calendar year for which the commission does not certify pursuant to the provisions of subparagraph (i) of paragraph b of this subdivision with respect to a corporation, the tax imposed by this section shall be computed by substituting the provisions of paragraph a of this subdivision for the provisions of subdivision one of this section and shall pay the tax so computed to the commissioner of taxation and finance. In such computation and payment, all other provisions of this section shall apply as if the provisions of this paragraph and of paragraph a of this subdivision had been incorporated in whole in subdivision one of this section.~~

~~d. For any calendar year for which the commission does not certify pursuant to the provisions of subparagraph (ii) of paragraph b of this subdivision with respect to a corporation, the tax required to be paid hereunder for such year shall be equal to the difference between the tax imposed pursuant to paragraph a of this subdivision and the tax imposed pursuant to the provisions of subdivision one of this section less one-half of such difference in recognition of purses that were required to be paid, plus an additional amount equal to ten percent of such tax in the event of a willful failure to comply with the provisions of subparagraph (ii) of paragraph b of this subdivision, and such corporation shall pay the tax so computed to the commissioner of taxation and finance on or before March fifteenth of the following year. Notwithstanding the provisions of this subdivision, in the event that upon appeal from the determination of the commission that the certification provided in paragraph b of this subdivision will not be made, it is~~

~~finally determined that the commission erred in failing to so certify and that any moneys received by the commissioner of taxation and finance under paragraph c of this subdivision were paid in error, the same shall be refunded at the rate of interest of six percent per annum. Payment of such balance of tax due, or the anticipation of such payment, shall not affect the determination of purses in the year in which such tax arises or in the year in which such payment is made nor shall such payment in any other manner be considered in any statutory or contractual calculation of purse obligations.~~

~~e. Written notice of the certification of the commission pursuant to the provisions of paragraph b of this subdivision shall be given by the commission to the applicable corporation by the dates therein specified. In like manner, written notice that such certification will not be made shall be given by the commission to the commissioner of taxation and finance and the applicable corporation by such dates~~].

4. The payment of the state tax imposed by this section shall be made to the commissioner of taxation and finance on the last business day of each month and shall cover taxes due for the period from the sixteenth day of the preceding month through the fifteenth day of the current month provided, however, that such payments required to be made on March thirty-first shall include all taxes due and accruing through the last full week of racing in March of the current year or as otherwise determined by the commissioner of taxation and finance, and shall be accompanied by a report under oath, showing the total of all such contributions, together with such other information as the commissioner of taxation and finance may require. A penalty of five [~~per centum~~] **percent** and interest at the rate of one [~~per centum~~] **percent** per month from the date the report is required to be filed to the date of payment of the tax shall be payable in case any tax imposed by this section is not paid when due. If the commissioner of taxation and finance determines that any moneys received under this subdivision were paid in error, the commissioner of taxation and finance may cause the same to be refunded without interest out of any moneys collected thereunder, provided an application therefor is filed with the commissioner of taxation and finance within one year from the time the erroneous payment was made. Such taxes, interest and penalties when collected, after the deduction of refunds of taxes erroneously paid, shall be paid by the commissioner of taxation and finance into the general fund of the state treasury.

5. No county, city, town, village or other political subdivision of the state may impose, levy or collect a tax on admission fees or tickets of admission, on wagers made by patrons, in the form of purchases of pari-mutuel tickets or upon such tickets, on pari-mutuel pools, on breaks, on dividends or payments made to winning bettors, or on that part of the pari-mutuel pools [~~or breaks~~] to be retained by racing corporations under this section, except as otherwise provided in this chapter.

§ 3. Section 238 of the racing, pari-mutuel wagering and breeding law, as amended by chapter 18 of the laws of 2008, subdivision 1 as amended by chapter 243 of the laws of 2020, paragraph (a) of subdivision 1 as amended by section 9 of subpart B of part FF of chapter 59 of the laws of 2025, and paragraph c of subdivision 2 as amended by chapter 367 of the laws of 2021, is amended to read as follows:

§ 238. Disposition of pari-mutuel pools of the franchised corporation; percentage payable to state as a tax; authority of counties or certain cities to impose a tax. 1. (a) The franchised corporation authorized under this chapter to conduct pari-mutuel betting at a race meeting or

races run thereat shall distribute all sums deposited in any pari-mutuel pool to the holders of winning tickets therein, provided such tickets are presented for payment before April first of the year following the year of their purchase, less an amount that shall be established and retained by such franchised corporation of between twelve to seventeen percent of the total deposits in pools resulting from on-track regular bets, and fourteen to twenty-one percent of the total deposits in pools resulting from on-track multiple bets and fifteen to twenty-five percent of the total deposits in pools resulting from on-track exotic bets and fifteen to thirty-six percent of the total deposits in pools resulting from on-track super exotic bets[~~, plus the breaks~~]. The retention rate to be established is subject to the prior approval of the commission.

Such rate may not be changed more than once per calendar quarter to be effective on the first day of the calendar quarter. "Exotic bets" and "multiple bets" shall have the meanings set forth in section five hundred nineteen of this chapter. "Super exotic bets" shall have the meaning set forth in section three hundred one of this chapter. For purposes of this section, a "pick six bet" shall mean a single bet or wager on the outcomes of six races. [~~The breaks are hereby defined as the odd cents over any multiple of five for payoffs greater than one dollar five cents but less than five dollars, over any multiple of ten for payoffs greater than five dollars but less than twenty-five dollars, over any multiple of twenty-five for payoffs greater than twenty-five dollars but less than two hundred fifty dollars, or over any multiple of fifty for payoffs over two hundred fifty dollars.~~] Out of the amount so retained there shall be paid by such franchised corporation to the commissioner of taxation and finance, as a reasonable tax by the state for the privilege of conducting pari-mutuel betting on the races run at the race meetings held by such franchised corporation, **which tax is hereby levied, in** the [~~following percentages of the total pool for regular and multiple bets five percent of regular bets and four percent of multiple bets plus twenty percent of the breaks; for exotic wagers seven and one-half percent plus twenty percent of the breaks, and for super exotic bets seven and one-half percent plus fifty percent of the breaks.~~

~~For the period April first, two thousand one through December thirty-first, two thousand twenty-six, such tax on all wagers shall be one and six-tenths percent, plus, in each such period, twenty percent of the breaks~~] **applicable percentage set forth in subdivision one of section one hundred thirty-six of this chapter**. Payment to the New York state thoroughbred breeding and development fund by such franchised corporation shall be one-half of one percent of total daily on-track pari-mutuel pools resulting from regular, multiple and exotic bets and three percent of super exotic bets and for the period April first, two thousand one through December thirty-first, two thousand twenty-six, such payment shall be seven-tenths of one percent of regular, multiple and exotic pools.

(b) An amount equal to fifty percent of any compensation received by a franchised corporation from simulcasting or from wagering conducted outside the United States or outside New York state and within the United States shall be distributed to purses, except with respect to such compensation received from Connecticut which shall be computed as a percentage of wagering handle in a manner approved by the commission.

(c) An amount equal to fifty percent of any compensation received by the franchised corporation from simulcasting or from wagering conducted outside the United States shall be distributed to purses.

(d) (i) [~~The pari-mutuel tax rate authorized by paragraph (a) of this subdivision shall be effective so long as a franchised corporation notifies the commission by August fifteenth of each year that such pari-mutuel tax rate is effective of its intent to~~] **The franchised corporation shall** conduct a race meeting at Aqueduct racetrack during the months of December, January, February, March and April. For purposes of this paragraph such race meeting shall consist of not less than ninety-five days of racing unless otherwise agreed to in writing by the New York Thoroughbred Breeders Inc., the New York thoroughbred horsemen's association (or such other entity as is certified and approved pursuant to section two hundred twenty-eight of this article) and approved by the commission. Not later than May first of each year [~~that such pari-mutuel tax rate is effective~~], the commission shall determine whether a race meeting at Aqueduct racetrack consisted of the number of days as required by this [~~paragraph~~] **subparagraph**. In determining the number of race days, cancellation of a race day because of an act of God that the commission approves or because of weather conditions that are unsafe or hazardous that the commission approves shall not be construed as a failure to conduct a race day. Additionally, cancellation of a race day because of circumstances beyond the control of such franchised corporation for which the commission gives approval shall not be construed as a failure to conduct a race day. [~~If the commission determines that the number of days of racing as required by this paragraph have not occurred then the pari-mutuel tax rate in paragraph (a) of this subdivision shall revert to the pari-mutuel tax rates in effect prior to January first, nineteen hundred ninety-five.~~]

(ii) Such franchised corporation shall pay to the commission as a regulatory fee, which fee is hereby levied, six-tenths of one percent of the total daily on-track pari-mutuel pools of such franchised corporation.

2. a. Subject to the provisions of this section the payment of such state tax shall be made to the commissioner of taxation and finance on the last business day of each month and shall cover taxes due for the period from the sixteenth day of the preceding month through the fifteenth day of the current month provided, however, that such payments required to be made on March thirty-first shall include all taxes due and accruing through the last full week of racing in March of the current year or as otherwise determined by the commissioner, and shall be accompanied by a report under oath, showing such information as the commissioner may require. A penalty of five [~~per centum~~] **percent** and interest at the rate of one [~~per centum~~] **percent** per month from the date the report is required to be filed to the date of the payment of the tax shall be payable in case any tax imposed by this section is not paid when due. If the commissioner determines that any moneys received by the commissioner under this section were paid in error, the commissioner may cause the same to be refunded without interest out of any moneys collected thereunder, provided an application therefor is filed with the commissioner within one year from the time the erroneous payment was made. Such taxes, interest and penalties when collected, after the deduction of refunds of taxes erroneously paid, shall be paid by the commissioner into the general fund of the state treasury.

b. The balance of the retained percentage of such pool [~~and of the breaks~~] shall be held by such franchised corporation for its corporate purposes, except as provided in paragraph c of this subdivision.

c. An amount equal to five and ninety-four hundredths percent of the total pools resulting from on-track regular bets and an amount equal to

five and ninety-four hundredths percent of the total pools resulting from on-track multiple and exotic bets, and twelve percent of the total pools resulting from super exotic bets shall be used exclusively for purses (including stakes, premiums and prizes) awarded in races conducted by such franchised corporation. Any portion of such percent not so used during any year shall be so used during the following year[~~, failing which such portion shall be payable to the commissioner as additional tax. Such additional tax shall be payable on or before April first in the year following the year in which such portion is not so used and the provisions of paragraph a of this subdivision shall be applicable thereto except as to the time of payment~~].

3. No county, city, town, village or other political subdivision of the state may impose, levy or collect a tax on admission fees or tickets of admission, on wagers made by patrons in the form of purchases of pari-mutuel tickets or upon such tickets, on pari-mutuel pools, on breaks, on dividends or payments made to winning bettors, or on revenue retained by the franchised corporation, except as provided in former article two-B of the general city law, and as otherwise provided in this chapter.

[~~4. Notwithstanding any inconsistent provision of this chapter, whenever the franchised corporation operates the Breeder's Cup Meet at one of its racing facilities, such franchised corporation shall not be required to pay to the department of taxation and finance pursuant to this section the pari-mutuel tax on the pari-mutuel pools of such franchised corporation's races during the Breeder's Cup Meet. For the purposes of this subdivision, the Breeder's Cup Meet shall consist of three days: the day on which the Breeder's Cup races are conducted, the day preceding such races and the day subsequent to such races.~~]

§ 4. Subdivisions 1, 4 and 5 of section 318 of the racing, pari-mutuel wagering and breeding law, subdivisions 1 and 5 as amended by chapter 243 of the laws of 2020, and subdivision 4 as amended by chapter 261 of the laws of 1988, are amended to read as follows:

1. Except as otherwise provided by law, every association or corporation authorized under this article to conduct pari-mutuel betting at a harness horse race meeting on races run thereat shall distribute all sums deposited in any pari-mutuel pool to the holders of winning tickets therein, provided such tickets be presented for payment prior to April first of the year following the year of their purchase, less an amount that shall be established and retained by such racing association or corporation of between fourteen and twenty percent of the total deposits in pools resulting from regular bets, less sixteen to twenty-two percent of the total deposits in pools resulting from multiple bets, less twenty to thirty percent of the total deposits in pools resulting from exotic bets, and less twenty to thirty-six percent of the total betting deposits in pools resulting from super exotic bets[~~, plus the breaks~~]. The retention rate to be established is subject to the prior approval of the commission. Such rate may not be changed more than once per calendar quarter to be effective on the first day of the calendar quarter.

"Exotic bets" and "multiple bets" shall have the meanings set forth in section five hundred nineteen of this chapter[~~, "super~~]. "Super exotic bets" shall have the meaning set forth in subdivision four of section three hundred one of this article [~~and "the breaks" are hereby defined as the odd cents over any multiple of ten for regular and multiple bets, or for exotic bets, over any multiple of fifty, or for super exotic bets, over any multiple of one hundred calculated on the basis of one dollar and otherwise payable to a patron, provided however, that effec-~~

~~tive after October fifteenth, nineteen hundred ninety-four breaks are hereby defined as the odd cents over any multiple of five for payoffs greater than one dollar five cents but less than five dollars, over any multiple of ten for payoffs greater than five dollars but less than twenty-five dollars, over any multiple of twenty-five for payoffs greater than twenty-five dollars but less than two hundred fifty dollars, or over any multiple of fifty for payoffs over two hundred fifty dollars~~].

a. Of the sum so retained from on-track pari-mutuel betting pools, such association or corporation authorized to operate in Westchester or Nassau county: (i) shall pay to the commissioner of taxation and finance as a reasonable tax for the privilege of conducting pari-mutuel betting at races run at race meetings held by such corporation or association, a tax, which is hereby levied, [~~at the rate of one-half of one percent of all wagers from total daily on-track pools. Such association or corporation shall receive credit as a reduction of the daily tax by the state for the privilege of conducting pari-mutuel betting of amounts equal to four-tenths percent of total daily pools resulting from the simulcast of such association's or corporation's races to licensed facilities operated by regional off-track betting corporations in accordance with section one thousand eight of this chapter; provided, however, that in no event shall total daily credit exceed four-tenths percent of the total daily pool of such association or corporation. An amount equal to fifty percent of such credit shall be used to increase purses; provided, however, that~~] **in the applicable percentage set forth in subdivision one of section one hundred thirty-six of this chapter as limited by subdivision two of section one hundred thirty-six of this chapter. Any such association or corporation shall,** for any twelve-month period beginning on April first in nineteen hundred ninety and any year thereafter, [~~each of the applicable rates set forth above shall be increased by one-half of one percent on all on-track bets of any such racing association or corporation that did not~~] expend an amount equal to at least one-half of one percent of its on-track bets during the immediately preceding calendar year for enhancements consisting of capital improvements as defined by section three hundred nineteen of this article, repairs to its physical plant, structures, and equipment used in its racing or wagering operations, [~~as certified by the commission to the commissioner of taxation and finance no later than eighty days after the close of such calendar year,~~] and five special events at each track in each calendar year, not otherwise conducted in the ordinary course of business, the purpose of which shall be to encourage, attract and promote track attendance and encourage new and continued patronage, which events shall be subject to the approval of the commission for purposes of this subdivision. In the determination of the amounts expended for such enhancements, the commission shall consider the average of the two immediately preceding twelve-month calendar periods. [~~Notwithstanding the foregoing no increase shall be imposed unless such corporation or association has been afforded notice and opportunity to be heard. The commission shall promulgate rules and regulations to implement the provisions relating to notice and hearing.~~]

(ii) except as otherwise provided in this paragraph an amount equal to six and eight-tenths percent of the total pool resulting from on-track regular bets, an amount equal to seven and ninety-five one hundredths percent of the total pool resulting from on-track multiple bets, an amount equal to ten and one-half percent of the total pool resulting from on-track exotic bets, an amount equal to fifteen and one-half percent of the total daily pool resulting from on-track super exotic

bets shall be used exclusively for purses, of which an amount of not less than ninety percent shall be used exclusively for purses for overnight races conducted by such association or corporation. Such amounts may be reduced upon an application approved by the commission and an agreement between the licensed harness racing corporation or association and the representative horsemen's organization as a condition to reduce the amounts of retained percentages as provided for in this section. However, of the total amount available for purses, an amount as determined by contractual obligations between an organization representing at least fifty-one percent of the owners and trainers using the facilities of such association or corporation for racing, training or stabling purposes and the association or corporation, shall be used for the administrative purposes of said organization and for such welfare and medical plans for regularly employed backstretch employees principally employed at the facilities of such corporation or association as provided by said organization, provided, however, that eligibility for benefits in such plans shall not be conditioned upon membership in such organization by any employee or employer thereof, and any denial of eligibility for benefits in such plans which, upon investigation and review by the commission, is determined to have resulted from a person, firm, association, corporation or organization knowingly aiding in or permitting eligibility for benefits being conditioned upon membership in such organization shall subject such organization to the penalties imposed under sections three hundred ten and three hundred twenty-one of this article but the ratio between the amounts actually expended for such welfare and medical plans and the cost actually incurred in administering such welfare and medical plans for fiscal years of such corporation or association, on or after July twenty-fourth, nineteen hundred eighty-one, shall not be less than the ratio between such amounts actually expended and such costs actually incurred for the fiscal year immediately prior to such date. Such organization shall annually on or before July first certify to the commission that it represents at least fifty-one percent of such owners and trainers and provide copies of such certification to such association or corporation. Any other organization claiming to represent at least fifty-one percent of such owners and trainers may file a challenge with the commission within fifteen days of such original certification. The commission shall examine such claim and may undertake studies and conduct hearings to determine the validity of such claim. Within sixty days of receiving such challenge and based upon the findings of such studies and hearings, the commission shall render a decision on the validity of such claim and advise such organizations and association or corporation of its determination. Upon receipt of such original certification by such organization, the association or corporation shall make such payments to said organization and, in the event of a challenge brought to any other organization, such payments shall continue to be made until such time as the commission renders its decision on such challenge; and

(iii) the balance of the retained percentage of such pools [~~and the balance of the breaks~~] may be held by such association or corporation for its own use and purposes except as provided in paragraph c of this subdivision and in subdivision four of section three hundred one of this article, provided, however, that the commission shall report annually, on or before July first, to the director of the budget, the chair of the senate finance committee and the chair of the assembly ways and means committee the extent to which such corporations and associations used such retained percentages [~~and breakage~~] for operations, maintenance,

capital improvements, advertising and promotion, administration and general overhead and evaluate the effectiveness and make recommendations with respect to the application of the [~~reduced~~] rates of taxation as provided for in subparagraph (i) of this paragraph in accomplishing the objectives stated therein. Such report shall also specify the amounts of such retained percentages [~~and breakage~~] used for investments not directly related to racing activities and such amounts used to declare dividends or other profit distributions, additions to capital stock, its sale and transfer and additions to retained earnings. Such reports shall also include an analysis of any such agreements or proposals to conduct or otherwise expand wagers authorized under article ten of this chapter and present its conclusions with respect to the conduct of such wagering, the nature of such proposals and agreements, and recommendations to ensure the future maintenance of the intent of this article and article ten of this chapter.

b. (i) Of the sums retained by any other licensed harness racing association or corporation other than those described in paragraph a of this subdivision, **such association or corporation shall pay to the commissioner of taxation and finance as a reasonable tax for the privilege of conducting pari-mutuel betting at races run at race meetings held by such corporation or association, a tax, which is hereby levied, in** the applicable [~~tax rates for regular bets shall be six-tenths of one percent; for multiple bets shall be one and one-tenth percent; for exotic bets shall be five and six-tenths percent and for super exotic bets shall be seven percent, plus fifty percent of the breaks. Effective September first, nineteen hundred ninety-four, for all licensed harness racing associations and corporations that have entered into a contract with their representative horsemen's association on and after such date, such tax shall be one-half of one percent of all wagers, plus fifty percent of the breaks.~~

~~Provided, however, that~~] **percentage set forth in subdivision one of section one hundred thirty-six of this chapter, as limited by subdivision two of section one hundred thirty-six of this chapter. Any such racing association or corporation shall** for any twelve-month period beginning on April first in nineteen hundred ninety and any year thereafter, [~~each of the applicable rates set forth above shall be increased by one-quarter of one percent on all on-track bets of any such racing association or corporation that did not~~] expend an amount equal to at least one-half of one percent of its on-track bets during the immediately preceding calendar year for enhancements consisting of capital improvements as defined by section three hundred nineteen of this article, repairs to its physical plant, structures, and equipment used in its racing or wagering operations, [~~as certified by the commission to the commissioner of taxation and finance no later than eighty days after the close of such calendar year, and five special events at each track in each calendar year,~~] not otherwise conducted in the ordinary course of business, the purpose of which shall be to encourage, attract and promote track attendance and encourage new and continued patronage, which events shall be subject to the approval of the commission for purposes of this subdivision. In this regard, expenditures by a county agricultural society pursuant to section three hundred nineteen of this article shall be credited to the applicable harness racing association or corporation for this purpose. In the determination of the amounts expended for such enhancements, the commission may consider the immediately preceding twelve-month calendar period or the average of the two immediately preceding twelve-month calendar periods. [~~Notwithstanding~~

~~the foregoing no increase shall be imposed unless such corporation or association has been afforded a notice and opportunity to be heard. The commission shall promulgate rules and regulations to implement the provisions relating to notice and hearing.~~

~~Such associations or corporations shall receive credit as a reduction of the daily tax by the state for the privilege of conducting pari-mutuel betting of amounts equal to four-tenths percent of total daily pools resulting from the simulcast of such association's or corporation's races to licensed facilities operated by regional off-track betting corporations in accordance with section one thousand eight of this chapter, provided however, that in no event shall the total daily credit exceed four-tenths percent of the total daily pool of such association or corporation which tax is hereby levied and shall be paid to the commissioner of taxation and finance as a reasonable tax imposed by the state for the privilege of conducting pari-mutuel betting at races run at race meetings held by such association or corporation.~~] The commission shall report annually, before July first, to the director of the budget, the chair of the senate finance committee and the chair of the assembly ways and means committee the extent to which such corporations and associations used such retained percentages [~~and breakage~~] for operations, maintenance, capital improvements, advertising and promotion, administration and general overhead and evaluate the effectiveness and make recommendations with respect to the application of the [~~reduced~~] rates of taxation as provided for in this subparagraph in accomplishing the objectives stated therein. Such report shall also specify the amounts of such retained percentages [~~and breakage~~] used for investments not directly related to racing activities and such amounts used to declare dividends or other profit distributions, additions to capital stock, its sale and transfer and additions to retained earnings. Such reports shall also include an analysis of any such agreements or proposals to conduct or otherwise expand wagers authorized under article ten of this chapter and present its conclusions with respect to the conduct of such wagering, the nature of such proposals and agreements, and recommendations to ensure the future maintenance of the intent of this article.

(ii) Of the sums retained by such association or corporation, an amount equal to one and three-quarters percent of the total pool resulting from on-track regular, multiple and exotic bets shall be used exclusively for the purpose of increasing purses awarded in overnight races conducted by such association or corporation. Such amounts shall be in addition to purse moneys otherwise provided pursuant to existing contractual obligations. In this regard an amount equal to twelve percent of the total bets in super exotic pools shall be used for purses in lieu of any such contractual obligations that might otherwise apply to purses to be awarded on super exotic bets. Any portion of such amount not so used during any year shall be so used during the following year[~~, failing which such portion shall be payable to the commissioner of taxation and finance as additional tax~~]. In addition to the amounts required in this paragraph, fifty percent of all additional sums retained, as a result of tax reductions provided in this section after September first, nineteen hundred ninety-four to qualified licensed harness racing associations, shall be used exclusively for purposes of increasing purses awarded in overnight races conducted by such association or corporation, provided that such association or corporation has entered into a written agreement with its representative horsemen's organization on and after September first, nineteen hundred ninety-four.

Notwithstanding anything contained herein to the contrary, in a harness special betting district the amount to be used for purses or the methodology for calculating the amount to be used for purses may be specified in a written contract between a harness racing association or corporation and its representative horsemen's association. The balance of the retained percentage of such pool may be held by such corporation or association for its own use and purposes.

(iii) [~~Of the amount of the breaks from on-track regular, multiple, exotic and super exotic bets such association or corporation shall pay fifty percent to the commissioner of taxation and finance. The balance of such breaks may be held by such association or corporation for its own use and purposes.~~

~~(iv)~~] The commission shall as a condition of racing require an association authorized to operate in areas other than Westchester or Nassau county to withhold one percent of all purses and to pay such sum to the horsemen's organization representing the owners and trainers using the facilities of such association [~~which~~] **that** had a contract with the association governing the conditions of racing on January first, nineteen hundred ninety-two, as determined by the commission.

Any other horsemen's organization may apply to the commission to be approved as the qualified organization to receive payment of the one percent of all purses by submitting to the commission proof of both, that (i) such organization represents more than fifty-one percent of all the owners and trainers using the same facilities and (ii) the horsemen's organization previously approved as qualified by the commission does not represent fifty-one percent of all the owners and trainers using the same facilities. If the commission is satisfied that the documentation submitted with the application of any other horsemen's organization is conclusive with respect to subparagraphs (i) and (ii) of this paragraph, the commission may approve the applicant as the qualified recipient organization.

In the best interests of racing, upon receipt of such an application, the commission may direct the payments to the previously qualified horsemen's organization to continue uninterrupted, or it may direct the payments to be withheld and placed in interest-bearing accounts for a period not to exceed ninety days, during which time the commission shall review and approve or disapprove the application. Funds held in such manner shall be paid to the organization approved by the commission. In no event shall the commission accept more than one such application in any calendar year from the same horsemen's organization.

The funds authorized to be paid by the commission are to be used exclusively for the benefit of those horsemen racing in New York state through the administrative purposes of such qualified organization, benevolent activities on behalf of backstretch employees, and for the promotion of equine research.

c. Of the sums retained by any harness racing association or corporation, an amount equal to one percent of the total pools resulting from on-track regular, multiple and exotic bets and an amount equal to three percent of the total pools resulting from on-track super exotic bets shall be paid to the agriculture and New York state horse breeding development fund.

d. Every harness racing association or corporation shall pay to the commission as a regulatory fee, which fee is hereby levied, six-tenths of one percent of the total daily on-track pari-mutuel pools of such association or corporation.

4. Notwithstanding any other provisions of this chapter, there shall be no pari-mutuel tax imposed upon the compensation received by any harness racing association or corporation in consideration for (a) permission to have wagering conducted outside this state on races run by such association or corporation, and (b) the simulcasting outside this state of races run by such association or corporation, except for such permission or such simulcasting as may be granted to an off-track betting operator in the state of Connecticut by a harness racing association or corporation located in Nassau or Westchester county. Any such association or corporation so simulcasting to an off-track betting operator in the state of Connecticut shall pay to the New York commissioner of taxation and finance a reasonable tax for such permission and privilege for such simulcasting, which is hereby levied, at the following rates: one and one-tenth [~~per centum~~] **percent** of total daily regular and multiple bets; three and one-tenth [~~per centum~~] **percent** of total daily exotic bets; and three and one-half [~~per centum~~] **percent** of total daily super exotic bets.

5. [~~Tax rates in event of failure to maintain~~] **Maintenance of** pari-mutuel racing activity. [~~a. Notwithstanding any other provision of this section to the contrary, for~~] **For** any calendar year commencing on or after January first, nineteen hundred eighty-nine, [~~in which~~] a harness racing association or corporation [~~does~~] **shall** not conduct [~~a minimum number of~~] **fewer** pari-mutuel programs and pari-mutuel races at its facilities [~~equal to at least~~] **than** ninety percent of the programs and races so conducted during nineteen hundred eighty-five or during nineteen hundred eighty-six, whichever is less, [~~in lieu of the tax rates set forth in subdivision one of this section the applicable pari-mutuel tax rates for such association or corporation with respect to on-track pari-mutuel betting pools during such year shall be as follows:~~

~~(i) For such an association or corporation authorized to operate in Westchester or Nassau county: of total daily on-track pools resulting from regular bets, three and seventy-five hundredths percent of the first five hundred thousand dollars comprising such pools and five and twenty-five hundredths percent of the amount in excess of five hundred thousand dollars, plus fifty percent of the breaks; of total daily on-track pools resulting from multiple bets, four and seventy-five hundredths percent of the first three hundred thousand dollars comprising such pools and six and twenty-five hundredths percent of the amount in excess of three hundred thousand dollars, plus fifty percent of the breaks; of total daily on-track pools resulting from exotic bets, eight and seventy-five hundredths percent of the first two hundred thousand dollars comprising such pools, and ten and twenty-five hundredths percent of the amount in excess of two hundred thousand dollars, plus fifty percent of the breaks; and of total daily on-track pools resulting from super exotic bets, seven percent, plus fifty percent of the breaks; and~~

~~(ii) For any harness racing association or corporation other than one described in subparagraph (i) of this paragraph: of total daily on-track pools resulting from regular bets, one and one-half percent, plus fifty percent of the breaks; of total daily on-track pools resulting from multiple bets, two percent, plus fifty percent of the breaks; of total daily on-track pools resulting from exotic bets, six and one-half percent, plus fifty percent of the breaks; and of total daily on-track pools resulting from super exotic bets, seven percent, plus fifty percent of the breaks.~~

~~b. The provisions of this subdivision shall not apply to an association or corporation for any calendar year for which the commission certifies to the commissioner of taxation and finance:~~

~~(i) by December fifteenth of the year immediately preceding such year, that such association or corporation has been assigned for such year, from the programs and races it requested, at least the minimum number of programs and races prescribed in paragraph a of this subdivision, or, if fewer than such number were assigned for such year, that the assignment of such lesser number was for~~] **unless such association or corporation demonstrates to the satisfaction of the commission** good cause due to factors beyond the control of such association or corporation or because the commission [~~found~~] **finds** that it would be uneconomical or impractical for such association or corporation to be assigned **or conduct** the prescribed number[~~; and~~

~~(ii) by January thirty-first of the year immediately subsequent to such year, that such association or corporation did conduct such number of programs and races as were certified pursuant to subparagraph (i) of this paragraph, or if it failed to conduct such number that such failure was for good cause due to factors beyond its control or because the commission found it uneconomical or impractical for such association or corporation to conduct such a number.~~

~~c. For any calendar year for which the commission does not certify pursuant to the provisions of subparagraph (i) of paragraph b of this subdivision with respect to an association or corporation, the tax imposed by this section shall be computed by substituting the provisions of paragraph a of this subdivision for the provisions of paragraph a or b, whichever is applicable, of subdivision one of this section and shall pay the tax so computed to the commissioner of taxation and finance. In such computation and payment, all other provisions of this section shall apply as if the provisions of this paragraph and of paragraph a of this subdivision had been incorporated in whole in paragraph a or b, whichever is applicable, of subdivision one of this section.~~

~~d. For any calendar year for which the commission does not certify pursuant to the provisions of subparagraph (ii) of paragraph b of this subdivision with respect to an association or corporation, the tax required to be paid hereunder for such year shall be equal to the difference between the tax imposed pursuant to the provisions of paragraph a of this subdivision and the tax imposed pursuant to the provisions of paragraph a or b, whichever is applicable, of subdivision one of this section, less one-half of such difference in recognition of purses that were required to be paid, plus an additional amount equal to ten percent of such tax in the event of a willful failure to comply with the provisions of subparagraph (ii) of paragraph b of this subdivision and such association or corporation shall pay the tax so computed to the commissioner of taxation and finance on or before March fifteenth of the following year. Notwithstanding the provisions of this subdivision, in the event that upon appeal from the determination of the commission that the certification provided in paragraph b of this subdivision will not be made, it is finally determined that the commission erred in failing to so certify and that any moneys received by the commissioner of taxation and finance under paragraph c of this subdivision were paid in error, the same shall be refunded at the rate of interest of six percent per annum. Payment of such tax due, or the anticipation of such payment, shall not affect the determination of purses in the year in which such tax arises or in the year in which such payment is made nor shall such~~

~~payment in any other manner be considered in any statutory or contractual calculation of purse obligations.~~

~~e. Written notice of the certification of the commission pursuant to the provisions of paragraph b of this subdivision shall be given by the commission to the applicable association or corporation by the dates therein specified. In like manner, written notice that such certification will not be made shall be given by the commission to the commissioner of taxation and finance and the applicable association or corporation by such dates~~].

§ 5. Subdivision 1 of section 418 of the racing, pari-mutuel wagering and breeding law, as amended by chapter 243 of the laws of 2020, is amended to read as follows:

1. Every association or corporation authorized under [~~sections two hundred twenty-two through seven~~] **section four** hundred five of this [~~chapter~~] **article** to conduct pari-mutuel betting at a quarter horse race meeting on races run thereat shall distribute all sums deposited in any pari-mutuel pool to the holders of winning tickets therein provided such tickets be presented for payment before April first of the year following the year of their purchase, less seventeen percent of the total deposits in pools resulting from regular on-track bets and less nineteen percent of the total deposits in pools resulting from multiple bets and less twenty-five percent of the total deposits in pools resulting from exotic on-track bets[~~, plus the breaks~~]. "Multiple bet" or "multiple wager" shall mean a single bet or wager on two horses, evidenced by a single ticket and representing an interest in a single betting pool. "Exotic bet" or "exotic wager" shall mean a single bet or wager on three or more horses, evidenced by a single ticket and representing an interest in a single betting pool. [~~The breaks for regular bets and multiple bets are hereby defined as the odd cents over any multiple of ten or for exotic bets, over any multiple of fifty calculated on the basis of one dollar and otherwise payable to a patron.~~] Of the sum so retained [~~the applicable tax rates for regular bets shall be three percent; the applicable tax rates for multiple bets shall be three and one-half percent; the applicable tax rates for exotic bets~~] **there** shall be eight percent, plus sixty-five percent of the amount of the breaks from on-track regular, multiple and exotic bets shall be paid by such corporation or association to the department of taxation and finance as a reasonable tax by the state for the privilege of conducting pari-mutuel betting on the races run at the quarter horse race meetings held by such corporation or association, which tax is hereby levied, [~~and the balance of the retained percentage of such pool and of the breaks may be held by such corporation or association for its own use and purposes~~] **in the applicable percentage set forth in subdivision one of section one hundred thirty-six of this chapter**. The payment of such state tax shall be made to the department of taxation and finance at such regular intervals as the department of taxation and finance may require, and shall be accompanied by a report under oath showing the total of all such contributions together with such other information as the department of taxation and finance may require. A penalty of five percent and interest at the rate of one percent per month from the date the report is required to be filed to the date of payment of the tax shall be payable in case any tax imposed by this section is not paid when due. If the department of taxation and finance determines that any moneys received under this section were paid in error, it may cause the same to be refunded without interest out of any moneys collected thereunder, provided an application therefor is filed with it within one year from the time the erroneous

payment was made. Such taxes, interest and penalties when collected, after the deduction of refunds of taxes erroneously paid, shall be paid by the department of taxation and finance into the general fund of the state treasury. [~~Ten percent of the breaks shall be paid to the New York state quarter horse breeding and development fund.~~]

§ 6. Subdivisions 1, 5, 7 and 8 of section 527 of the racing, pari-mutuel wagering and breeding law, as amended by chapter 18 of the laws of 2008, the opening paragraph of subdivision 1 and subdivision 5 as amended by chapter 243 of the laws of 2020, are amended to read as follows:

1. The disposition of the retained commission from pools resulting from regular, multiple or exotic bets, as the case may be, whether placed on races run within a region or outside a region, conducted by racing corporations, harness racing associations or corporations, quarter horse racing associations or corporations or races run outside the state shall be governed by the tables in paragraphs a and b of this subdivision. [~~The rate denominated "state tax"~~] **There** shall [~~represent the rate of~~] **be paid by each regional corporation conducting off-track betting, as** a reasonable tax imposed upon the retained commission for the privilege of conducting off-track pari-mutuel betting, which tax is hereby levied [~~and~~]**, a percentage of all money wagered on live races through such corporation, which** shall be payable in the manner set forth in this section **and in subdivision one of section one hundred thirty-six of this chapter**. Each off-track betting corporation shall pay to the commission as a regulatory fee, which fee is hereby levied, six-tenths of one percent of the total daily pools of such corporation. Each corporation shall also pay twenty percent of the breaks derived from bets on **out-of-state** harness races and fifty percent of the breaks derived from bets on all other **out-of-state** races to the agriculture and New York State horse breeding and development fund and to the thoroughbred breeding and development fund, the total of such payments to be apportioned fifty percent to each such fund. For the purposes of this section, the New York city, Suffolk, Nassau, and the Catskill regions shall constitute a single region and any thoroughbred track located within the Capital District region shall be deemed to be within such single region. A "regional meeting" shall refer to either harness or thoroughbred meetings, or both, except that a franchised corporation shall not be a regional track for the purpose of receiving distributions from bets on thoroughbred races conducted by a thoroughbred track in the Catskill region conducting a mixed meeting. With the exception of a harness racing association or corporation first licensed to conduct pari-mutuel wagering at a track located in Tioga, Saratoga or Westchester county after January first, two thousand five, racing corporations first licensed to conduct pari-mutuel racing after January first, nineteen hundred eighty-six or a harness racing association or corporation first licensed to conduct pari-mutuel wagering at a track located in Genesee County after January first, two thousand five, and quarter horse tracks shall not be "regional tracks"; if there is more than one harness track within a region, such tracks shall evenly divide payments made pursuant to the tables in paragraphs a and b of this subdivision when neither track is running. In the event a track elects to reduce its retained percentage from any or all of its pari-mutuel pools, the payments to the track holding the race and the regional track required by paragraphs a and b of this subdivision shall be reduced in proportion to such reduction. Nothing in this section shall be construed to authorize the

conduct of off-track betting contrary to the provisions of section five hundred twenty-three of this article.

a. Regular and multiple bets:

Pools on races run by:	Track holding race	Regional track	[~~State~~] [~~tax~~]
Franchised corporations:			
in region;.....	3.50	N/A	[~~.30~~]
out-region, during a regional meeting;.....	1.00	2.50	[~~.30~~]
out-region, no regional meeting;.....	1.75	1.75	[~~.30~~]
Racing corporations in special betting district:			
in-special betting district;...	3.80	N/A	[~~1.00~~]
out-district, during a regional meeting;.....	1.00	2.80	[~~1.00~~]
out-district, no regional meeting;.....	1.90	1.90	[~~1.00~~]
Harness racing associations or corporations within Suffolk, Nassau, or Catskill regions:			
in region;.....	4.00	N/A	[~~.70~~]
out-region, during a regional meeting;.....	1.00	3.00	[~~.70~~]
out-region, no regional meeting;.....	2.00	2.00	[~~.70~~]
Harness racing associations or corporations:			
in-special betting district;.....	4.00	N/A	[~~.50~~]
out-district, during a regional meeting;.....	1.00	3.00	[~~.50~~]
out-district, no regional meeting;.....	2.00	2.00	[~~.50~~]
Other harness racing associations or corporations:			
in region;.....	4.00	N/A	[~~.50~~]
out-region, during a regional meeting;.....	1.00	3.00	[~~.50~~]
out-region, no regional meeting;.....	2.00	2.00	[~~.50~~]
Quarter horse racing associations or corporations;.....	3.50	N/A	[~~1.10~~]
Out-of-state tracks:.....	3.50 divided pursuant to paragraph g of this subdivision		[~~1.10~~]

b. Exotic bets:

Track

	holding race	Regional track	[~~State~~] [~~tax~~]
Pools on races run by:			
Franchised corporations:			
in region;.....	6.50	N/A	[~~1.30~~]
out-region, during a regional meeting;.....	2.00	4.50	[~~1.30~~]
out-region, no regional meeting;.....	3.25	3.25	[~~1.30~~]
Racing corporations in special betting district:			
in-special betting districts;..	6.80	N/A	[~~3.00~~]
out-district, during a regional meeting;.....	2.00	4.80	[~~3.00~~]
out-district, no regional meeting;.....	3.40	3.40	[~~3.00~~]
Harness racing associations or corporations within Suffolk, Nassau, or Catskill regions:			
in region;.....	7.00	N/A	[~~2.70~~]
out-region, during a regional meeting;.....	2.00	5.00	[~~2.70~~]
out-region, no regional meeting;.....	3.50	3.50	[~~2.70~~]
Harness racing associations or corporations:			
in-special betting district;.....	7.00	N/A	[~~2.50~~]
out-district, during a regional meeting;.....	2.00	5.00	[~~2.50~~]
out-district, no regional meeting;.....	3.50	3.50	[~~2.50~~]
Other harness racing associations or corporations:			
in-region;.....	7.00	N/A	[~~2.50~~]
out-region, during a regional meeting;.....	2.00	5.00	[~~2.50~~]
out-region, no regional meeting;.....	3.50	3.50	[~~2.50~~]
Quarter horse racing associations or corporations;.....	6.50	N/A	[~~3.10~~]
Out-of-state tracks:.....	6.50 divided pursuant to paragraph g of this subdivision		[~~3.10~~]

c. Super Exotic Bets:

	Track holding race	Regional track	[~~State~~] [~~tax~~]
Pools on races run by:			

Franchised corporations:			
in region;.....	12.00	N/A	[~~3.50~~]
out-region, during a regional meeting;.....	3.00	10.00	[~~2.50~~]
out-region, no regional meeting;.....	6.00	6.00	[~~3.50~~]
Racing corporations in special betting district:			
in-special betting districts;..	12.00	N/A	[~~3.50~~]
out-district, during a regional meeting;.....	3.00	10.00	[~~2.50~~]
out-district, no regional meeting;.....	6.00	6.00	[~~3.50~~]
Harness racing associations or corporations within Suffolk, Nassau, or Catskill regions:			
in-region;.....	12.00	N/A	[~~3.50~~]
out-region, during a regional meeting;.....	3.00	10.00	[~~2.50~~]
out-region, no regional meeting;.....	6.00	6.00	[~~3.50~~]
Harness racing associations or corporations:			
in-special betting district;.....	12.00	N/A	[~~3.50~~]
out-district, during a regional meeting;.....	3.00	10.00	[~~2.50~~]
out-district, no regional meeting;.....	6.00	6.00	[~~3.50~~]
Other harness racing associations or corporations:			
in-region;.....	12.00	N/A	[~~3.50~~]
out-region, during a regional meeting;.....	3.00	10.00	[~~2.50~~]
out-region, no regional meeting;.....	6.00	6.00	[~~3.50~~]

d. For the portion of the Western region included within a thoroughbred special betting district and not within a harness special betting district, when no thoroughbred race meeting is conducted by a racing corporation located within such thoroughbred special district, the distribution of the retained commission to "regional tracks" by such regional corporation derived from wagers placed within such special betting district shall be divided as follows:

(i) when a harness corporation located in such district is conducting a meet the full amount to such harness corporation; and when a harness corporation in the region but not located in such district is conducting a meet, forty percent to the thoroughbred racing corporation and sixty percent to the harness corporation conducting a meet;

(ii) when no racing is being conducted, forty [~~per centum~~] **percent** to the thoroughbred racing corporation and the balance divided equally between the harness racing corporations located in such region; and

(iii) when no racing is being conducted and no more than one harness racing association is licensed during the calendar year to conduct a race meeting, fifty [~~per centum~~] **percent** to the thoroughbred racing

corporation and fifty [~~per centum~~] **percent** to the harness racing association located in such region.

e. For the portions of the Capital District, Catskill, Central and Western regions included within a harness racing special betting district, except those portions described in paragraph e of this subdivision, the harness track located in such special district shall be the "regional track" for the purposes of the distributions made pursuant to paragraphs a and b of this subdivision.

f. For the portions of the Catskill, Central and Western regions included in both a thoroughbred special betting district and a harness special betting district, the distribution of the retained commission to "regional tracks" by such regional corporations derived from wagers placed within such portions of such regions shall be divided as follows:

(i) when a harness corporation located in the harness special betting district is conducting a meet and no thoroughbred race meeting is being conducted by a racing corporation located in the thoroughbred special betting district, the full amount to such harness association;

(ii) when a thoroughbred corporation located in the thoroughbred special betting district is conducting a meet and no harness race meeting is being conducted by a harness association located in the harness special betting district, the full amount to such thoroughbred corporation;

(iii) when no racing is being conducted the amount to be divided evenly between the thoroughbred track located in such thoroughbred special betting district and the harness track located in such harness special betting district.

g. With respect to the amounts payable to track operators from the retained commission on pools resulting from thoroughbred or harness races outside this state, the regional corporation shall first pay any contractual obligation owed to the out-of-state track operator, or to another state or entity thereof, as the case may be. The balance of such amounts shall be divided as follows:

(i) for the betting region composed of the New York city, Suffolk and Nassau regions and the portion of the Catskill region outside a special betting district: when both harness and thoroughbred meets are in progress in such betting region, the balance to the association or corporation holding the same type of meet as the out-of-state race; when only a harness meet is in progress in such betting region, the balance to the harness track operator; when only a thoroughbred meet is in progress in such betting region, the balance to the thoroughbred track operator; when no meet is in progress, fifty [~~per centum~~] **percent** of the balance to the franchised corporation and the remainder divided among harness racing corporations or associations within such betting region;

(ii) for the Capital District region and the portion of the Western region outside a special betting district: when a harness meet is in progress in such region and a thoroughbred meet is in progress outside a special betting district, the balance to whichever operator is conducting the same type of meet as the out-of-state race; when no harness meet is in progress, the balance to the racing association outside a special betting district; and when no meet is in progress within such region and no thoroughbred meet is in progress outside a special betting district, fifty [~~per centum~~] **percent** of the balance to the racing association outside a special betting district and the remainder to the licensed harness racing corporations or associations within such region;

(iii) for the portion of the Western region within a thoroughbred special betting district but not within a harness special betting

district: when a harness meet and a thoroughbred meet are in progress within such region and the district, the balance to the association or corporation conducting the same type of meet as the out-of-state or out-of-region race; when a harness meet is in progress in such region but no thoroughbred meet is in progress in the special betting district, the balance to the harness track operator within such region; when only a thoroughbred meet is in progress in such betting region, the balance to the thoroughbred track operator; and when no meet is in progress within such region the balance is divided, forty [~~per centum~~] **percent** to the thoroughbred racing corporation within the district and the remainder divided between the harness racing associations or corporations within the region provided, however, that if no more than one harness racing association or corporation is licensed to conduct a race meeting, fifty [~~per centum~~] **percent** to the thoroughbred racing corporation within the district and fifty [~~per centum~~] **percent** to the licensed harness racing association within the region;

(iv) for the portions of the Capital District, Catskill, Central and Western regions included in a harness special betting district: when a harness meeting is in progress in such harness special betting district and a thoroughbred meeting is in progress outside the thoroughbred special betting district, the balance to the association or corporation holding the same kind of race; when no harness meet is in progress, the balance to the racing corporation holding a thoroughbred race meeting outside the thoroughbred special betting district; when a harness meeting is in progress in the harness special betting district and no thoroughbred meeting is in progress outside the thoroughbred special betting district, the balance to the harness track operating in such harness special betting district; when no harness meet is being held within such harness special betting district and no thoroughbred meet is being held outside the thoroughbred special betting district, fifty [~~per centum~~] **percent** of such amount to the harness racing corporation in such harness special betting district and fifty [~~per centum~~] **percent** to the thoroughbred track operator outside the thoroughbred special betting district;

(v) for the portions of the Catskill and Western regions included in both a thoroughbred special betting district and a harness special betting district: when a harness meet and a thoroughbred meet are in progress within both such districts the balance to the association or corporation conducting the same type of meet as the out-of-state race; when a harness meet is in progress but no thoroughbred meet the balance to the harness track operator within such district; when a thoroughbred meet is in progress but no harness meet the balance to the thoroughbred track operator in the district; and when no meet is in progress the balance to be divided evenly between the harness track operator in the harness special betting district and the thoroughbred operator located within the thoroughbred special betting district;

(vi) notwithstanding any contrary provision contained in this section, the portion of retained commissions from off-track pools distributable to the track holding the race shall be for regular and multiple bets: five and three-quarters [~~per centum~~] **percent** and for exotic bets: seven and three-quarters [~~per centum~~] **percent** for the three races commonly referred to as the Triple Crown consisting of the Kentucky Derby, the Preakness and the Belmont Stakes, run respectively at Churchill Downs, Kentucky, at Pimlico, Maryland and at Belmont Park, New York; additionally the same commissions shall apply to the series of races known as the Breeders' Cup and the portion distributable from retained commis-

sions shall be paid to the Breeders' Cup, ltd. irrespective of whether the races are held at a track within or without the state; provided, however, that as a condition precedent to the obligation of a regional corporation to make the foregoing distributions as required in this subparagraph with respect to wagers on the Belmont Stakes, such regional corporation shall have accepted wagers on at least one or both of the immediately preceding Kentucky Derby and Preakness races; and provided further that the distributable portion of such retained commissions with respect to the Belmont Stakes shall be deemed to include the additional amounts payable pursuant to the provisions of paragraph b of subdivision three of this section; and provided further, notwithstanding the foregoing provisions of this subparagraph, that of the retained commissions resulting from off-track wagers placed in a special betting district on the Belmont Stakes, the track holding the race shall receive one per centum from regular and multiple bets and two [~~per centum~~] **percent** from exotic bets, and the thoroughbred track conducting racing within such district shall receive four and three-quarters [~~per centum~~] **percent** from regular and multiple bets, and five and three-quarters [~~per centum~~] **percent** from exotic bets.

5. a. One percent of daily pools derived from bets on harness races shall be paid to the agriculture and New York state breeding and development fund except that for super exotic betting pools such amount shall be three percent of such bets.

b. An amount equal to one-half of one percent of total daily off-track pari-mutuel pools resulting from regular, multiple and exotic bets and three percent of super exotic bets on thoroughbred or steeplechase races shall be paid to the New York state thoroughbred breeding and development fund.

c. From the total breaks retained by a regional corporation, an amount equal to ten percent of the breaks derived from bets on **out-of-state** quarter horse races shall be paid to the New York state quarter horse breeding and development fund.

7. In addition to any other amount required by this section, of the portion of commissions retained by a regional corporation, an amount equal to one [~~per centum~~] **percent** of multiple pools derived from wagers on races conducted by a thoroughbred racing corporation, licensed by the board, other than a franchised corporation, shall be paid to such thoroughbred racing corporation and held by such corporation for its own use and purposes, except that an amount equal to one-half [~~per centum~~] **percent** shall be used exclusively for the purpose of increasing purses, including stakes, premiums and prizes, awarded to horses in races conducted by such corporation. Any portion of said amount not so used during any year shall be used during the following year, failing which it shall be returned to the regional corporation on or before April first in the year following the year in which it is not so used to be distributed to the participating local governments.

8. From the nineteen [~~per centum~~] **percent** of the total deposits in pools resulting from multiple bets on thoroughbred races outside this state, two [~~per centum~~] **percent** shall be paid to a franchised corporation to be used exclusively for the purpose of increasing purses, including stakes, premiums and prizes. Any portion of said amount not so used during any year shall be used during the following year, failing which it shall be returned to the regional corporation on or before April first in the year following the year in which it is not so used to be distributed to the participating local governments. Notwithstanding the provisions of section fifteen of chapter three hundred sixty-three

of the laws of nineteen hundred eighty-four, the provisions of this subdivision shall not expire.

§ 7. Subdivisions 1, 3, 3-a and 6 of section 532 of the racing, pari-mutuel wagering and breeding law, subdivisions 1 and 3 as amended by chapter 243 of the laws of 2020, subparagraph (vi) of paragraph b of subdivision 3 as amended by chapter 526 of the laws of 2022, and subdivisions 3-a and 6 as added by chapter 346 of the laws of 1990, are amended to read as follows:

1. Notwithstanding any other provision of law, each regional off-track betting corporation, or off-track betting operator, including the New York city off-track betting corporation, conducting off-track betting shall impose a surcharge of five percent on the portion of pari-mutuel wagering pools distributable to persons having placed bets at off-track betting facilities located within such region. The revenues derived from such surcharge[~~, plus the breaks,~~] shall be held separate and apart from any amounts otherwise authorized to be retained from pari-mutuel pools. Such surcharge is hereby levied subject to the conditions set forth in this subdivision and article ten of this chapter.

3. The revenues received from any surcharge imposed by subdivision one of this section[~~, plus the breaks,~~] shall be distributed monthly, as follows:

a. fifty percent to such city, or to the counties and cities entitled to receive revenues from the regional corporation pursuant to section five hundred sixteen of this chapter and in the same proportion as provided therein, or to an off-track betting operator; and

b. the balance as follows:

(i) where the track conducting the race on which the bet was placed is located within a city with a population in excess of one hundred thousand, to such city;

(ii) where the track conducting the race on which the bet was placed is not located within a city with a population in excess of one hundred thousand, to the county in which such track is located;

(iii) where the track conducting the race on which the bet was placed is located partially within a city with a population in excess of one million and partially within a county, twenty-five percent of such balance to the city and the remainder to the county;

(iv) where the track conducting the race on which the bet was placed is located outside the state, in the same manner as described in paragraph a of this subdivision;

(v) where the track conducting the race is located in a thoroughbred special betting district and is simulcasting pursuant to section one thousand eight of this chapter outside such special betting district, ninety percent to the off-track betting operator and ten percent to the county in which such track is located; and

(vi) for the period of September first, two thousand twenty-two until August thirty-first, two thousand twenty-seven and where the track conducting the race on which the bet was placed is a harness track located in the county of Erie, to such track.

3-a. Such five [~~per centum~~] **percent** surcharge herein provided is hereby increased by a supplemental one [~~per centum~~] **percent** surcharge on the portion of pari-mutuel wagering pools of multiple, exotic and super exotic bets distributable to persons having placed bets at off-track betting facilities to be distributed in accordance with the provisions of section five hundred nine-a or six hundred nine-a of this chapter, whichever may be applicable to the corporation with which such bets originated.

6. Notwithstanding any provision herein or in section one thousand nine of this chapter to the contrary where the track conducting the race is a thoroughbred track located in the Catskill region conducting a mixed meeting such surcharge shall be collected on all wagers placed in branch offices or simulcast theaters of a regional off-track betting corporation. The revenues received from any such surcharge imposed in accordance with this section [~~plus the breaks~~] shall be distributed monthly as follows:

a. one-fifth to the county in which such track is located;

b. three-fifths to a regional track located in the region in which the bet is placed in accordance with provisions of section five hundred twenty-seven of this article, one-half thereof to be used for purses at such regional track, except that in any region containing two or more regional tracks such tracks shall be entitled to an equal share;

c. one-fifth to be retained by the off-track betting operator with whom such bet originated as operating revenues.

§ 8. Paragraph c of subdivision 1 of section 904 of the racing, pari-mutuel wagering and breeding law, as amended by chapter 243 of the laws of 2020, is amended to read as follows:

c. Every association and corporation shall distribute all sums deposited in any pari-mutuel pool to the holders of winning tickets therein, providing such tickets be presented for payment before April first of the year following the year of their purchase, less an amount that it shall retain at the same rate established by the sending track [~~plus the breaks~~].

§ 9. Paragraph c of subdivision 2 and subdivision 4 of section 905 of the racing, pari-mutuel wagering and breeding law, paragraph c of subdivision 2 as amended by chapter 243 of the laws of 2020, subdivision 4 as amended by section 15 of part F3 of chapter 62 of the laws of 2003 and such section as renumbered by chapter 18 of the laws of 2008, are amended to read as follows:

c. If different retention or breakage rates than those prevailing at the site of the New York interface are prescribed by the laws governing such out-of-state or foreign betting operator, and the commission is satisfied that it would not be contrary to the public interest to accept such wagers for combination with New York wagers, calculations of the current odds and final pay-off prices shall be made as follows:

(i) All New York state and out-of-state and foreign wagers of the same type shall be combined into single pools for calculation.

(ii) As many tentative payout prices as there are different retention and breakage rates applicable (including the prevailing New York **retention** rate) shall be calculated on the basis of returning the appropriate rate of return, less breaks after imposition of each such rate of retention and breaks.

(iii) To each such out-of-state or foreign operator shall be allocated an amount sufficient for it to pay the appropriate pay-off to holders of winning wagers placed with it together with the applicable retention amount on its total wagers.

(iv) To each New York operator shall be allocated an amount sufficient for it to pay the appropriate pay-off to holders of winning wagers placed with it together with the applicable New York retention amount on its total wagers.

(v) The total amount of the combined pool less the combined total of all allocations as determined in subparagraphs (iii) and (iv) of this paragraph shall be credited to a special breakage account. The amount in such account giving appropriate weight to rates established for breakage

shall be allocated as breaks among all operators in the combined pool in accordance with the rules and regulations of the commission. Should a minus pool eventuate in which the total combined pool is insufficient to reimburse each operator for the allocation due to it then the allocation due to each such operator shall be reduced as may be appropriate and such operator shall be responsible for satisfying its liability from its own operating capital.

4. In those instances in which the retention rates of the out-of-state track are different from the retention rates authorized in this section, distribution to each of the entities entitled to receive payment under section five hundred twenty-seven or article ten of this chapter after payment of state taxes and regulatory fees shall be adjusted proportionately in an appropriate manner to account for higher or lower retention rates. For purposes of determining payment on out-of-state wagers the retention rate shall be the amount sufficient to pay holders of winning wagers plus any payments required to be made to the out-of-state track which exceeds two [~~per centum~~] **percent** of handle.

§ 10. Paragraph a of subdivision 3 of section 1007 of the racing, pari-mutuel wagering and breeding law, as amended by chapter 243 of the laws of 2020, is amended to read as follows:

a. Of the sums retained by the receiving track from simulcast pools the pari-mutuel tax shall be levied at the [~~lower of the pari-mutuel tax~~] rate [~~in effect on December thirty-first, nineteen hundred ninety-three at the receiving track, plus ten percent of the breaks or the following rates: two percent of simulcast pools generated by regular wagers, two and one-half percent of simulcast pools generated by multiple wagers, and seven percent of simulcast pools generated by exotic and super exotic wagers, plus ten percent of the breaks~~] **set forth in subdivision one of section one hundred thirty-six of this chapter**.

§ 11. Paragraph a of subdivision 4 of section 1009 of the racing, pari-mutuel wagering and breeding law, as amended by chapter 243 of the laws of 2020, is amended to read as follows:

a. Of the sums retained by the operator as provided in this subdivision, the pari-mutuel tax shall be levied at the [~~following rates plus twenty percent of the breaks: from wagers on thoroughbred races, eight-tenths of one percent of pools generated from regular wagers; one and three-tenths percent of pools generated from multiple wagers; two and eight-tenths percent of pools generated from exotic wagers; and three and one-half percent of pools generated from super exotic wagers; and from wagers on harness races, one-half of one percent of pools generated from regular wagers; one percent of pools generated from multiple wagers; two and one-half percent of pools generated from exotic wagers and three percent of pools generated from super exotic wagers~~] **rate set forth in subdivision one of section one hundred thirty-six of this chapter**.

§ 12. Paragraph i of subdivision 1 of section 1014 of the racing, pari-mutuel wagering and breeding law, as amended by chapter 243 of the laws of 2020, is amended to read as follows:

i. Any facility authorized to accept wagers on out-of-state tracks shall distribute all sums deposited in any pari-mutuel pool to the holders of winning tickets therein, provided such tickets are presented for payment prior to April first of the year following the year of their purchase less eighteen percent of the total deposits in pools resulting from regular bets, less twenty-one percent of the total deposits in pools resulting from multiple bets, less twenty-six percent of the total deposits in pools resulting from exotic bets, less thirty-six percent of

the total deposits in pools resulting from super exotic bets [~~plus the breaks as defined in section two hundred thirty-six of this chapter~~] except that the retention rates and breaks shall be as prescribed by another state or country if such wagers are combined with those in the other state or country pursuant to section nine hundred five of this chapter.

(1) Of the sum so retained, the applicable tax rate shall be [~~one and one-half percent of all such wagers plus fifty percent of the breaks; provided, however, fifty percent of the breaks accruing from off-track betting corporations licensed in accordance with section one thousand eight of this article and from simulcast theaters licensed in accordance with section one thousand nine of this article, shall be paid to the agriculture and New York state horse breeding and development fund and to the thoroughbred breeding and development fund, the total of such payments to be apportioned fifty percent to each such fund~~] **rate set forth in subdivision one of section one hundred thirty-six of this chapter**.

(2) Of the sums so retained, one-half of one percent of all wagers shall be paid to the New York state thoroughbred breeding and development fund, except that of the sums so retained on such wagers at licensed harness tracks, one-half of one percent shall be paid to the agricultural and New York State horse breeding and development fund.

(3) Of the sum so retained, two percent of all wagers shall be paid to a franchised corporation to be used exclusively for the purpose of increasing purses, including stakes, premiums and prizes, provided further that such amount shall not exceed the amount paid to such non-profit racing association in nineteen hundred ninety-three from wagers placed on out-of-state tracks on a day when no racing was being conducted by the non-profit racing association and a racing program was being conducted by a thoroughbred racing corporation located in the state. The excess, if any, shall be paid to a thoroughbred racing corporation located in the state until August thirty-first, nineteen hundred ninety-five and on and after July nineteen, nineteen hundred ninety-six to be used exclusively for the purpose of increasing purses, including stakes, premiums and prizes.

(4) Any thoroughbred racing corporation or harness racing association or corporation or off-track betting corporation authorized pursuant to this section shall pay to the commission as a regulatory fee, which fee is hereby levied, six-tenths of one percent of all wagering pools.

§ 13. The opening paragraph of subdivision 3 of section 1015 of the racing, pari-mutuel wagering and breeding law, as amended by chapter 243 of the laws of 2020, is amended to read as follows:

Any facility authorized to accept wagers on out-of-state tracks shall distribute all sums deposited in any pari-mutuel pool to the holders of any tickets therein provided such tickets are presented for payment prior to April first of the year following the year of their purchase less nineteen percent of total deposits in pools resulting from regular bets, less twenty-one percent of total deposits of pools resulting from multiple bets, less twenty-seven percent of total deposits of pools resulting from exotic bets, less thirty-six percent of total deposits of pools resulting from super exotic bets [~~plus the breaks as defined in section three hundred eighteen of this chapter~~] except that the retention rates and breaks shall be as prescribed by another state or country if such wagers are combined with those in the other state or country pursuant to section nine hundred five of this chapter.

§ 14. Paragraph a, the opening paragraph of paragraph b, subparagraph 1 of paragraph b, clauses (A) and (B) of subparagraph 3 of paragraph b, clauses (A) and (B) of subparagraph 4 of paragraph b, clauses (A), (B) and (D) of subparagraph 5 of paragraph b, and clauses (A) and (B) of subparagraph 6 of paragraph b of subdivision 1 of section 1016 of the racing, pari-mutuel wagering and breeding law, paragraph a, clauses (A) and (B) of subparagraph 3 of paragraph b, clauses (A) and (B) of subparagraph 4 of paragraph b, clauses (A), (B) and (D) of subparagraph 5 of paragraph b, clauses (A) and (B) of subparagraph 6 of paragraph b as amended by chapter 18 of the laws of 2008, the opening paragraph and subparagraph 1 of paragraph b as amended by chapter 243 of the laws of 2020, are amended to read as follows:

a. Each off-track betting branch office accepting wagers on an out-of-state track shall accept wagers on races run at all in-state thoroughbred tracks [~~which~~] **that** are conducting racing programs and every simulcasting facility licensed in accordance with sections one thousand eight and one thousand nine of this article [~~which~~] **that** is accepting wagers and displaying the simulcast signal from an out-of-state track shall similarly accept wagers and display the signal from all in-state thoroughbred tracks conducting racing programs.

Any facility authorized to accept wagers on out-of-state tracks shall distribute all sums deposited in any pari-mutuel pool to the holders of winning tickets therein, provided such tickets are presented for payment prior to April first of the year following the year of their purchase less eighteen percent of the total deposits in pools resulting from regular bets, less twenty-one percent of the total deposits in pools resulting from multiple bets, less twenty-six percent of the total deposits in pools resulting from exotic bets, and less twenty-seven percent of the total deposits in pools resulting from super exotic bets, [~~plus the breaks as defined in section two hundred thirty-six of this chapter~~] **may be required by another jurisdiction** except that the retention rates and breaks shall be as prescribed by another state or country if such wagers are combined with those in the other state or country pursuant to section nine hundred five of this chapter.

(1) Of the sums so retained, the applicable tax rates shall be as [~~governed by clauses (A) and (B) of subparagraphs three, four, five and six of this paragraph plus fifty percent of the breaks; provided, however, fifty percent of the breaks accruing from off-track betting corporations licensed in accordance with section one thousand eight of this article and from simulcast theaters licensed in accordance with section one thousand nine of this article, shall be paid to the agriculture and New York State horse breeding and development fund and to the thoroughbred breeding and development fund, the total of such payments to be apportioned fifty percent to each such fund~~] **as set forth in subdivision one of section one hundred thirty-six of this chapter**.

(A) Of the sums so retained on days when a franchised corporation is not conducting a race meeting within the state and a thoroughbred racing corporation is conducting a race meeting

	Regular bets	Multiple bets	Exotic bets	Super-exotic bets
[~~State Tax~~	~~1.50~~	~~1.50~~	~~1.50~~	~~1.50~~]
Non-franchised Thoroughbred Racing				

corporation	0.50	0.50	0.50	0.50
Non-franchised Thoroughbred Racing corporation payments to purses	1.50	2.00	1.50	2.00
Franchised corporation	0.50	0.50	0.50	0.50
Franchised corporation payments to purses	2.00	2.00	2.50	4.00

(B) Of the sums so retained on days when a franchised corporation is conducting a race meeting within the state

	Regular bets	Multiple bets	Exotic bets	Super-exotic bets
[~~State Tax~~	~~1.00~~	~~1.00~~	~~1.00~~	~~1.00~~]
Non-franchised Thoroughbred Racing corporation	0.50	0.50	0.50	0.00
Non-franchised Thoroughbred Racing corporation payments to purses	0.50	0.50	0.50	0.50
Franchised corporation	2.00	1.50	1.50	2.00
Franchised corporation payments to purses	2.00	3.00	3.00	5.00

(A) Of the sums so retained on days when a franchised corporation is not conducting a race meeting within the state and a thoroughbred racing corporation is conducting a race meeting

	Regular bets	Multiple bets	Exotic bets	Super-exotic bets
[~~State Tax~~	~~1.00~~	~~1.00~~	~~1.00~~	~~1.00~~]
Non-franchised Thoroughbred Racing corporation payments to purses	2.00	2.00	2.00	2.50
Franchised corporation	1.00	1.00	1.00	1.00
Franchised corporation payments to purses	2.00	2.00	2.50	4.00

(B) Of the sums so retained on days when a franchised corporation is conducting a race meeting within the state

	Regular bets	Multiple bets	Exotic bets	Super-exotic bets

[~~State Tax~~	~~0.50~~	~~0.50~~	~~0.50~~	~~0.50~~]
Non-franchised Thoroughbred racing corporation	0.50	0.25	0.50	0.50
Non-franchised Thoroughbred racing corporation payments to purses	0.50	0.25	0.50	0.50
Franchised corporation	2.25	2.25	2.00	2.50
Franchised corporation payments to purses	2.25	3.25	3.00	4.50

(A) Of the sums so retained on days when a franchised corporation is not conducting a race meeting within the state and a thoroughbred racing corporation is conducting a race meeting

	Regular bets	Multiple bets	Exotic bets	Super-exotic bets
[~~State Tax~~	~~1.50~~	~~1.50~~	~~1.50~~	~~1.50~~]
Non-franchised Thoroughbred racing corporation	0.25	0.25	0.25	0.50
Non-franchised Thoroughbred racing corporation payments to purses	0.75	1.00	0.75	1.00
Franchised corporation	0.25	0.25	0.25	0.25
Franchised corporation payments to purses	1.00	1.00	2.25	2.00

(B) Of the sums so retained on days when a franchised corporation is conducting a race meeting within the state

	Regular bets	Multiple bets	Exotic bets	Super-exotic bets
[~~State Tax~~	~~1.00~~	~~1.00~~	~~1.00~~	~~1.00~~]
Non-franchised Thoroughbred racing corporation	0.25	0.25	0.25	0.25
Non-franchised Thoroughbred racing corporation payments to purses	0.25	0.25	0.25	0.25
Franchised corporation	1.00	0.75	0.75	1.00
Franchised corporation				

payments to purses	1.00	1.50	1.50	2.50

(D) For wagers placed at a thoroughbred racing corporation the state tax shall be the amounts specified in [~~clauses (A) and (B) of this subparagraph~~] **subdivision one of section one hundred thirty-six of this chapter** and retention thereafter shall be identical to sums retained for each type of on-track wager.

(A) Of the sums so retained on days when a franchised corporation is not conducting a race meeting within the state and a thoroughbred racing corporation is conducting a race meeting

	Regular bets	Multiple bets	Exotic bets	Super-exotic bets
[~~State Tax~~	~~1.00~~	~~1.00~~	~~1.00~~	~~1.00~~]
Non-franchised Thoroughbred Racing corporation payments to purses	1.00	1.00	1.00	1.25
Franchised corporation	0.50	0.50	0.50	0.50
Franchised corporation payments to purses	1.00	1.00	1.25	2.00

(B) Of the sums so retained on days when a franchised corporation is conducting a race meeting within the state

	Regular bets	Multiple bets	Exotic bets	Super-exotic bets
[~~State Tax~~	~~0.50~~	~~0.50~~	~~0.50~~	~~0.50~~]
Non-franchised Thoroughbred Racing corporation	0.25	0.25	0.25	0.25
Non-franchised Thoroughbred Racing corporation payments to purses	0.25	0.25	0.25	0.25
Franchised corporation	1.25	1.25	1.00	1.25
Franchised corporation payments to purses	1.25	2.00	1.50	2.25

§ 15. Subdivision 1 of section 1018 of the racing, pari-mutuel wagering and breeding law, as amended by chapter 18 of the laws of 2008, is amended to read as follows:

1. Of the sums so retained, the applicable tax rates shall be as set forth in [~~this paragraph plus fifty percent of the breaks; provided, however, fifty percent of the breaks accruing from an off-track betting corporation licensed in accordance with section one thousand eight of this article and from simulcast theatres licensed in accordance with section one thousand nine of this article, shall be paid to the agricul-~~

~~ture and New York state horse breeding and development fund~~] **subdivision one of section one hundred thirty-six of this chapter**.

§ 16. This act shall take effect immediately.

PART X

Section 1. Subdivision 2 of section 509-a of the racing, pari-mutuel wagering and breeding law, as amended by section 1 of part HH of chapter 59 of the laws of 2025, is amended to read as follows:

2. a. Notwithstanding any other provision of law or regulation to the contrary, from April nineteenth, two thousand twenty-one to March thirty-first, two thousand twenty-two, twenty-three percent of the funds, not to exceed two and one-half million dollars, in the Catskill off-track betting corporation's capital acquisition fund and twenty-three percent of the funds, not to exceed four hundred forty thousand dollars, in the Capital off-track betting corporation's capital acquisition fund established pursuant to this section shall also be available to such off-track betting corporation for the purposes of statutory obligations, payroll, and expenditures necessary to accept authorized wagers.

b. Notwithstanding any other provision of law or regulation to the contrary, from April first, two thousand twenty-two to March thirty-first, two thousand twenty-three, twenty-three percent of the funds, not to exceed two and one-half million dollars, in the Catskill off-track betting corporation's capital acquisition fund established pursuant to this section, and twenty-three percent of the funds, not to exceed four hundred forty thousand dollars, in the Capital off-track betting corporation's capital acquisition fund established pursuant to this section, shall be available to such off-track betting corporations for the purposes of statutory obligations, payroll, and expenditures necessary to accept authorized wagers.

c. Notwithstanding any other provision of law or regulation to the contrary, from April first, two thousand twenty-three to March thirty-first, two thousand twenty-four, twenty-three percent of the funds, not to exceed two and one-half million dollars, in the Catskill off-track betting corporation's capital acquisition fund established pursuant to this section, and one million dollars in the Capital off-track betting corporation's capital acquisition fund established pursuant to this section, shall be available to such off-track betting corporation for the purposes of expenditures necessary to accept authorized wagers; past due statutory obligations to New York licensed or franchised racing corporations or associations; past due contractual obligations due to other racing associations or organizations for the costs of acquiring a simulcast signal; past due statutory payment obligations due to the New York state thoroughbred breeding and development fund corporation, agriculture and New York state horse breeding development fund, and the Harry M. Zweig memorial fund for equine research; and past due obligations due the state.

d. Notwithstanding any other provision of law or regulation to the contrary, from April first, two thousand twenty-four to March thirty-first, two thousand twenty-five, twenty-three percent of the funds, not to exceed two and one-half million dollars, in the Catskill off-track betting corporation's capital acquisition fund established pursuant to this section, and one million dollars in the Capital off-track betting corporation's capital acquisition fund established pursuant to this section, shall be available to such off-track betting corporation for the purposes of expenditures necessary to accept authorized wagers; past

due statutory obligations to New York licensed or franchised racing corporations or associations; past due contractual obligations due to other racing associations or organizations for the costs of acquiring a simulcast signal; past due statutory payment obligations due to the New York state thoroughbred breeding and development fund corporation, agriculture and New York state horse breeding development fund, and the Harry M. Zweig memorial fund for equine research; and past due obligations due the state.

e. Notwithstanding any other provision of law or regulation to the contrary, from April first, two thousand twenty-five to March thirty-first, two thousand twenty-six, one million dollars in the Capital off-track betting corporation's capital acquisition fund established pursuant to this section shall be available to such off-track betting corporation for the purposes of expenditures necessary to accept authorized wagers; past due statutory obligations to New York licensed or franchised racing corporations or associations; past due contractual obligations due to other racing associations or organizations for the cost of acquiring a simulcast signal; past due statutory payment obligations due to the New York state thoroughbred breeding and development fund corporation, agriculture and New York state horse breeding development fund, and the Harry M. Zweig memorial fund for equine research; and past due obligations due the state.

f. **Notwithstanding any other provision of law or regulation to the contrary, from April first, two thousand twenty-six to March thirty-first, two thousand twenty-seven, one million dollars in the Capital off-track betting corporation's capital acquisition fund established pursuant to this section, shall be available to such off-track betting corporation for the purposes of expenditures necessary to accept authorized wagers; past due statutory obligations to New York licensed or franchised racing corporations or associations; past due contractual obligations due to other racing associations or organizations for the cost of acquiring a simulcast signal; past due statutory payment obligations due to the New York state thoroughbred breeding and development fund corporation, agriculture and New York state horse breeding development fund, and the Harry M. Zweig memorial fund for equine research; and past due obligations due the state.**

g. Prior to a corporation being able to utilize the funds authorized by paragraph c, d [~~or~~]**,** e **or f** of this subdivision, the corporation must attest that the surcharge monies from section five hundred thirty-two of this chapter are being held separate and apart from any amounts otherwise authorized to be retained from pari-mutuel pools and all surcharge monies have been and will continue to be paid to the localities as prescribed in law. Once this condition is satisfied, the corporation must submit an expenditure plan to the gaming commission for review. Such plan shall include the corporation's outstanding liabilities, projected revenue for the upcoming year, a detailed explanation of how the funds will be used, and any other information necessary to detail such plan as determined by the commission. Upon review, the commission shall make a determination as to whether the requirements of this paragraph have been satisfied and notify the corporation of expenditure plan approval. In the event the commission determines the requirements of this paragraph have not been satisfied, the commission shall notify the corporation of all deficiencies necessary for approval. As a condition of such expenditure plan approval, the corporation shall provide a report to the commission no later than the last day of the calendar year for which the funds are requested, which shall include an accounting of

the use of such funds. At such time, the commission may cause an independent audit to be conducted of the corporation's books to ensure that all moneys were spent as indicated in such approved plan. The audit shall be paid for from money in the fund established by this section. If the audit determines that a corporation used the money authorized under this section for a purpose other than one listed in their expenditure plan, then the corporation shall reimburse the capital acquisition fund for the unauthorized amount.

§ 2. This act shall take effect immediately.

PART Y

Section 1. Paragraph (a) of subdivision 1 of section 1003 of the racing, pari-mutuel wagering and breeding law, as amended by section 1 of subpart B of part FF of chapter 59 of the laws of 2025, is amended to read as follows:

(a) Any racing association or corporation or regional off-track betting corporation, authorized to conduct pari-mutuel wagering under this chapter, desiring to display the simulcast of horse races on which pari-mutuel betting shall be permitted in the manner and subject to the conditions provided for in this article may apply to the commission for a license so to do. Applications for licenses shall be in such form as may be prescribed by the commission and shall contain such information or other material or evidence as the commission may require. No license shall be issued by the commission authorizing the simulcast transmission of thoroughbred races from a track located in Suffolk county. The fee for such licenses shall be five hundred dollars per simulcast facility and for account wagering licensees that do not operate either a simulcast facility that is open to the public within the state of New York or a licensed racetrack within the state, twenty thousand dollars per year payable by the licensee to the commission for deposit into the general fund. Except as provided in this section, the commission shall not approve any application to conduct simulcasting into individual or group residences, homes or other areas for the purposes of or in connection with pari-mutuel wagering. The commission may approve simulcasting into residences, homes or other areas to be conducted jointly by one or more regional off-track betting corporations and one or more of the following: a franchised corporation, thoroughbred racing corporation or a harness racing corporation or association; provided (i) the simulcasting consists only of those races on which pari-mutuel betting is authorized by this chapter at one or more simulcast facilities for each of the contracting off-track betting corporations which shall include wagers made in accordance with [~~section~~] **sections** one thousand fifteen, one thousand sixteen and one thousand seventeen of this article; provided further that the contract provisions or other simulcast arrangements for such simulcast facility shall be no less favorable than those in effect on January first, two thousand five; (ii) that each off-track betting corporation having within its geographic boundaries such residences, homes or other areas technically capable of receiving the simulcast signal shall be a contracting party; (iii) the distribution of revenues shall be subject to contractual agreement of the parties except that statutory payments to non-contracting parties, if any, may not be reduced; provided, however, that nothing herein to the contrary shall prevent a track from televising its races on an irregular basis primarily for promotional or marketing purposes as found by the commission. For purposes of this paragraph, the provisions of section one thousand thir-

teen of this article shall not apply. Any agreement authorizing an in-home simulcasting experiment commencing prior to May fifteenth, nineteen hundred ninety-five, may, and all its terms, be extended [~~until June thirtieth, two thousand twenty-six~~]; provided, however, that any party to such agreement may elect to terminate such agreement upon conveying written notice to all other parties of such agreement at least forty-five days prior to the effective date of the termination, via registered mail. Any party to an agreement receiving such notice of an intent to terminate, may request the commission to mediate between the parties new terms and conditions in a replacement agreement between the parties as will permit continuation of an in-home experiment [~~until June thirtieth, two thousand twenty-six~~]; and (iv) no in-home simulcasting in the thoroughbred special betting district shall occur without the approval of the regional thoroughbred track.

§ 2. Subparagraph (iii) of paragraph d of subdivision 3 of section 1007 of the racing, pari-mutuel wagering and breeding law, as amended by section 2 of subpart B of part FF of chapter 59 of the laws of 2025, is amended to read as follows:

(iii) Of the sums retained by a receiving track located in Westchester county on races received from a franchised corporation, for the period commencing January first, two thousand eight [~~and continuing through June thirtieth, two thousand twenty-six~~], the amount used exclusively for purses to be awarded at races conducted by such receiving track shall be computed as follows: of the sums so retained, two and one-half percent of the total pools. Such amount shall be increased or decreased in the amount of fifty percent of the difference in total commissions determined by comparing the total commissions available after July twenty-first, nineteen hundred ninety-five to the total commissions that would have been available to such track prior to July twenty-first, nineteen hundred ninety-five.

§ 3. The opening paragraph of subdivision 1 of section 1014 of the racing, pari-mutuel wagering and breeding law, as amended by section 3 of subpart B of part FF of chapter 59 of the laws of 2025, is amended to read as follows:

The provisions of this section shall govern the simulcasting of races conducted at thoroughbred tracks located in another state or country on any day during which a franchised corporation is conducting a race meeting in Saratoga county at Saratoga thoroughbred racetrack [~~until June thirtieth, two thousand twenty-six and on any day regardless of whether or not a franchised corporation is conducting a race meeting in Saratoga county at Saratoga thoroughbred racetrack after June thirtieth, two thousand twenty-six~~]. On any day on which a franchised corporation has not scheduled a racing program but a thoroughbred racing corporation located within the state is conducting racing, each off-track betting corporation branch office and each simulcasting facility licensed in accordance with section one thousand seven (that has entered into a written agreement with such facility's representative horsemen's organization, as approved by the commission), one thousand eight, or one thousand nine of this article shall be authorized to accept wagers and display the live simulcast signal from thoroughbred tracks located in another state or foreign country subject to the following provisions:

§ 4. Subdivision 1 of section 1015 of the racing, pari-mutuel wagering and breeding law, as amended by section 4 of subpart B of part FF of chapter 59 of the laws of 2025, is amended to read as follows:

1. The provisions of this section shall govern the simulcasting of races conducted at harness tracks located in another state or country

[~~during~~] **beginning with** the period **commencing** July first, nineteen hundred ninety-four [~~through June thirtieth, two thousand twenty-six~~]. This section shall supersede all inconsistent provisions of this chapter.

§ 5. The opening paragraph of subdivision 1 of section 1016 of the racing, pari-mutuel wagering and breeding law, as amended by section 5 of subpart B of part FF of chapter 59 of the laws of 2025, is amended to read as follows:

The provisions of this section shall govern the simulcasting of races conducted at thoroughbred tracks located in another state or country on any day during which a franchised corporation is not conducting a race meeting in Saratoga county at Saratoga thoroughbred racetrack [~~until June thirtieth, two thousand twenty-six~~]. Every off-track betting corporation branch office and every simulcasting facility licensed in accordance with section one thousand seven that have entered into a written agreement with such facility's representative horsemen's organization as approved by the commission, one thousand eight or one thousand nine of this article shall be authorized to accept wagers and display the live full-card simulcast signal of thoroughbred tracks (which may include quarter horse or mixed meetings provided that all such wagering on such races shall be construed to be thoroughbred races) located in another state or foreign country, subject to the following provisions; provided, however, no such written agreement shall be required of a franchised corporation licensed in accordance with section one thousand seven of this article:

§ 6. The opening paragraph of section 1018 of the racing, pari-mutuel wagering and breeding law, as amended by section 6 of subpart B of part FF of chapter 59 of the laws of 2025, is amended to read as follows:

Notwithstanding any other provision of this chapter, for the period **commencing** July twenty-fifth, two thousand one [~~through September eighth, two thousand twenty-five~~], when a franchised corporation is conducting a race meeting within the state at Saratoga Race Course, every off-track betting corporation branch office and every simulcasting facility licensed in accordance with section one thousand seven (that has entered into a written agreement with such facility's representative horsemen's organization as approved by the commission), one thousand eight or one thousand nine of this article shall be authorized to accept wagers and display the live simulcast signal from thoroughbred tracks located in another state, provided that such facility shall accept wagers on races run at all in-state thoroughbred tracks which are conducting racing programs subject to the following provisions; provided, however, no such written agreement shall be required of a franchised corporation licensed in accordance with section one thousand seven of this article.

§ 7. Section 54 of chapter 346 of the laws of 1990, amending the racing, pari-mutuel wagering and breeding law and other laws relating to simulcasting and the imposition of certain taxes, as amended by section 8 of subpart B of part FF of chapter 59 of the laws of 2025, is amended to read as follows:

§ 54. This act shall take effect immediately; provided, however, sections three through twelve of this act shall take effect [~~on~~] January 1, 1991[~~, and section 1013 of the racing, pari-mutuel wagering and breeding law, as added by section thirty-eight of this act, shall expire and be deemed repealed on July 1, 2026~~]; and section eighteen of this act shall take effect [~~on~~] July 1, 2008 and sections fifty-one and

fifty-two of this act shall take effect as of the same date as chapter 772 of the laws of 1989 took effect.

§ 8. Paragraph (a) of subdivision 1 of section 238 of the racing, pari-mutuel wagering and breeding law, as amended by section 9 of subpart B of part FF of chapter 59 of the laws of 2025, is amended to read as follows:

(a) The franchised corporation authorized under this chapter to conduct pari-mutuel betting at a race meeting or races run thereat shall distribute all sums deposited in any pari-mutuel pool to the holders of winning tickets therein, provided such tickets are presented for payment before April first of the year following the year of their purchase, less an amount that shall be established and retained by such franchised corporation of between twelve to seventeen percent of the total deposits in pools resulting from on-track regular bets, and fourteen to twenty-one percent of the total deposits in pools resulting from on-track multiple bets and fifteen to twenty-five percent of the total deposits in pools resulting from on-track exotic bets and fifteen to thirty-six percent of the total deposits in pools resulting from on-track super exotic bets[~~, plus the breaks~~]. The retention rate to be established is subject to the prior approval of the commission. Such rate may not be changed more than once per calendar quarter to be effective on the first day of the calendar quarter. "Exotic bets" and "multiple bets" shall have the meanings set forth in section five hundred nineteen of this chapter. "Super exotic bets" shall have the meaning set forth in section three hundred one of this chapter. For purposes of this section, a "pick six bet" shall mean a single bet or wager on the outcomes of six races. [~~The breaks are hereby defined as the odd cents over any multiple of five for payoffs greater than one dollar five cents but less than five dollars, over any multiple of ten for payoffs greater than five dollars but less than twenty-five dollars, over any multiple of twenty-five for payoffs greater than twenty-five dollars but less than two hundred fifty dollars, or over any multiple of fifty for payoffs over two hundred fifty dollars.~~] Out of the amount so retained there shall be paid by such franchised corporation to the commissioner of taxation and finance, as a reasonable tax by the state for the privilege of conducting pari-mutuel betting on the races run at the race meetings held by such franchised corporation, the following percentages of the total pool for regular and multiple bets five percent of regular bets and four percent of multiple bets plus twenty percent of the breaks; for exotic wagers seven and one-half percent plus twenty percent of the breaks, and for super exotic bets seven and one-half percent plus fifty percent of the breaks.

For the period April first, two thousand one through December thirty-first, two thousand twenty-six, such tax on all wagers shall be one and six-tenths percent, plus, in each such period, twenty percent of the breaks. Payment to the New York state thoroughbred breeding and development fund by such franchised corporation shall be one-half of one percent of total daily on-track pari-mutuel pools resulting from regular, multiple and exotic bets and three percent of super exotic bets and for the period **commencing** April first, two thousand one [~~through December thirty-first, two thousand twenty-six~~], such payment shall be seven-tenths of one percent of regular, multiple and exotic pools.

§ 9. This act shall take effect immediately.

PART Z

Section 1. Subdivision 1 of section 220 of the racing, pari-mutuel wagering and breeding law, as amended by section 2 of part NN of chapter 59 of the laws of 2025, is amended to read as follows:

1. For the purpose of maintaining a proper control over race meetings conducted pursuant to sections two hundred five and two hundred six of this article, the commission shall license owners, which term shall be deemed to include part-owners and lessees, trainers, assistant trainers and jockeys, jockey agents, stable employees, non-publicly appointed members of the board of a franchised corporation, and such other persons as the commission may by rule prescribe at running races and at steeple-chases, provided, however, that no such license shall be required for seasonal employees hired solely to work for no longer than six weeks during the summer meet at Saratoga racetrack, and any such other times as race dates historically assigned to Belmont Park are conducted at the Saratoga racetrack in two thousand twenty-four [~~and~~], two thousand twenty-five **and two thousand twenty-six** as approved in writing by the commission. In the event that a proposed licensee is other than a natural person, the commission shall require by regulation disclosure of the names and addresses of all owners of an interest in such entity. The commission may retain, employ or appoint such officers, employees and agents, as it may deem necessary to receive, examine and make recommendations, for the consideration of the commission, in respect of applications for such licenses; prescribe their duties in connection therewith, and fix their compensation therefor within the limitations prescribed by law. Each applicant for a license shall pay to the commission an annual license fee as follows: owner's license, if a renewal, fifty dollars, and if an original application, one hundred dollars; trainer's license, thirty dollars; assistant trainer's license, thirty dollars; jockey's license, fifty dollars; jockey agent's license, twenty dollars; and stable employee's license, five dollars. Each applicant may apply for a two-year or three-year license by payment to the commission of the appropriate multiple of the annual fee. The commission may by rule fix the license fees to be paid by other persons required to be licensed by the rules of the commission, not to exceed thirty dollars per category. The application for the license shall be in writing in such form as the commission may prescribe, and contain such information as the commission may require. The commission shall henceforth cause all applicants for licenses to be photographed and fingerprinted and may issue identification cards to licensees. Such fingerprints shall be submitted to the division of criminal justice services for a state criminal history record check, as defined in subdivision one of section three thousand thirty-five of the education law, and may be submitted to the federal bureau of investigation for a national criminal history record check. A fee equal to the actual cost of issuance shall be charged for the initial issuance of such identification cards. Each such license unless revoked for cause shall be for the period of no more than one, two or three years, determined by rule of the commission, expiring on the applicant's birth date. Licenses of non-publicly appointed members of the board of a franchised corporation shall be issued without fee and remain in effect for the duration of their board service. Licenses current on the effective date of this provision shall not be reduced in duration by this provision. An applicant who applies for a license that, if issued, would take effect less than six months prior to the applicant's birth date may, by payment of a fifty percent higher fee, receive a license which shall not expire until the applicant's second succeeding birth date. All receipts of the commission derived from the operation of

this section shall be paid by it into the state treasury on or before the tenth day of each month. All officials connected with the actual conduct of racing shall be subject to approval by the commission.

§ 2. This act shall take effect immediately; provided, however, that the amendments to subdivision one of section 220 of the racing, pari-mutuel wagering and breeding law made by section one of this act shall not affect the expiration of such subdivision and shall expire and be deemed repealed therewith.

§ 2. Severability clause. If any clause, sentence, paragraph, subdivision, section or part of this act shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, subdivision, section or part thereof directly involved in the controversy in which such judgment shall have been rendered. It is hereby declared to be the intent of the legislature that this act would have been enacted even if such invalid provisions had not been included herein.

§ 3. This act shall take effect immediately provided, however, that the applicable effective date of Parts A through Z of this act shall be as specifically set forth in the last section of such Parts.