

STATE OF NEW YORK

10584

IN ASSEMBLY

March 13, 2026

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

AN ACT to amend the tax law, in relation to providing an exemption for alternative energy systems from the state's sales and compensating use taxes and authorizing counties and cities to elect such exemption from their sales and use taxes imposed by or pursuant to the authority of such law; and providing for the repeal of such provisions upon expiration thereof

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

1 Section 1. Subdivision (b) of section 1101 of the tax law is amended
2 by adding a new paragraph 39 to read as follows:

3 (39) Alternative energy systems. New Energy Star appliances and tangi-
4 ble personal property used in or on habitable residential and non-resi-
5 dential structures for the purpose of improving the energy efficiency of
6 such structures consist of: (i) systems which do not rely on petroleum
7 products or natural gas as their energy source or fuel cell electric
8 generation equipment as described in paragraph two of subsection (g-2)
9 of section six hundred six of this chapter; (ii) new Energy Star appli-
10 ances, including residential refrigerators, freezers, clothing washers
11 (but not a combination washer/dryer unless the clothing is washed and
12 dried in the same compartment), light fixtures which use a pin-based
13 compact fluorescent bulb, non-commercial ceiling fans or ceiling fan and
14 light kits, dishwasher or air conditioners, sold at retail, provided
15 such appliances qualify for and are labeled with, an Energy Star label
16 by the manufacturer, pursuant to an agreement among the manufacturer,
17 the United States environmental protection agency and the United States
18 department of energy; and (iii) tangible personal property that improves
19 the energy efficiency of residential and non-residential heating and
20 cooling systems, including but not limited to, insulation and weather
21 stripping and products, such as roofing, windows, doors and skylights
22 approved by the Energy Star program.

23 § 2. Subdivision (a) of section 1115 of the tax law is amended by
24 adding a new paragraph 47 to read as follows:

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

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1 (47) Alternative energy systems, new Energy Star appliances and tangi-
2 ble personal property used in or on habitable residential and non-resi-
3 dential structures for the purpose of improving the energy efficiency of
4 such structures, as defined in paragraph thirty-nine of subdivision (b)
5 of section eleven hundred one of this article.

6 § 3. Clause 9 of subdivision (b) of section 1107 of the tax law, as
7 amended by section 78 of part A of chapter 56 of the laws of 1998, is
8 amended to read as follows:

9 (9) Except as otherwise provided by law, the [~~exemption~~] exemptions
10 provided for in paragraph thirty of subdivision (a) of section eleven
11 hundred fifteen of this article relating to clothing and footwear and
12 paragraph forty-seven of subdivision (a) of section eleven hundred
13 fifteen of this article relating to alternative energy systems shall not
14 apply.

15 § 4. Subdivision (f) of section 1109 of the tax law, as added by
16 section 118-a of part A of chapter 389 of the laws of 1997, is amended
17 to read as follows:

18 (f) The [~~exemption~~] exemptions contained in [~~paragraph~~] paragraphs
19 thirty and forty-seven of subdivision (a) of section eleven hundred
20 fifteen of this article shall not apply.

21 § 5. Section 1109 of the tax law is amended by adding a new subdivi-
22 sion (i) to read as follows:

23 (i) Notwithstanding any other provision of state or local law, ordi-
24 nance or resolution to the contrary: (1) In the event that a county,
25 city or school district located in the metropolitan commuter transporta-
26 tion district imposes taxes pursuant to the authority of subpart B of
27 part I of article twenty-nine of this chapter and elects to provide the
28 alternative energy systems exemption authorized in paragraph one of
29 subdivision (a) of section twelve hundred ten of this chapter, or a city
30 located in such district in which the taxes provided for in section
31 eleven hundred seven of this part are in effect elects to provide such
32 alternative energy systems exemption from such taxes pursuant to the
33 authority of subdivision (p) of section twelve hundred ten of this chap-
34 ter, or the taxes provided for in section eleven hundred eight of this
35 part are in effect in a city located in such district, the exemption
36 provided by paragraph forty-seven of subdivision (a) of section eleven
37 hundred fifteen of this article shall be applicable in such portion of
38 the metropolitan commuter transportation district in which such county,
39 city or school district is located. The commissioner shall determine and
40 certify to the comptroller the amount of revenue forgone at the rate of
41 one-quarter of one percent under this section in such county, city or
42 school district on account of sales of alternative energy systems in
43 such county, city or school district.

44 (2) Commencing with the sales tax quarterly period which commences on
45 June first, two thousand twenty-six, the commissioner shall make such
46 determinations and certifications on the twelfth day of the month
47 following the month in which sales tax quarterly returns are due under
48 section eleven hundred thirty-six of this article with respect to such
49 quarterly period for as long as such alternative energy systems
50 exemptions from such taxes imposed pursuant to the authority of article
51 twenty-nine of this chapter or by section eleven hundred seven or eleven
52 hundred eight of this part are in effect. Neither the commissioner nor
53 the comptroller shall be held liable for any inaccuracy in such determi-
54 nations and certifications. Such determinations and certifications may
55 be based on such information as may be available to the commissioner at
56 the time such determinations and certifications must be made under this

1 subdivision and may be estimated on the basis of percentages or other
2 indices calculated from distributions from prior periods. The commis-
3 sioner shall be authorized to require such information as the commis-
4 sioner deems necessary to comply with the requirements of this subdivi-
5 sion from persons required to file returns under section eleven hundred
6 thirty-six of this article.

7 (3) By the fifteenth day of the month in which the commissioner has
8 made the certifications to the comptroller described in paragraph two of
9 this subdivision, the comptroller shall bill any county, city or school
10 district in such metropolitan commuter transportation district which
11 provides such alternative energy systems exemption, and any city in such
12 district in which the taxes imposed by section eleven hundred seven of
13 this part are in effect which has elected to provide such alternative
14 energy systems exemption, and any city in such district in which the
15 taxes imposed by section eleven hundred eight of this part are in
16 effect, an amount equal to one-half of the amount certified to the comp-
17 troller by the commissioner in respect of such county, city or school
18 district; and such county, city or school district shall pay the amount
19 of such bill to the comptroller by the twenty-fifth day of such month.
20 The comptroller shall deposit any such amounts received in the mass
21 transportation operating assistance fund established by section eighty-
22 eight-a of the state finance law to the credit of the metropolitan mass
23 transportation operating assistance account therein.

24 (4) In the event that a county, city or school district imposing tax
25 pursuant to the authority of subpart B of part I of article twenty-nine
26 of this chapter does not pay in full a bill described in paragraph three
27 of this subdivision by the twenty-fifth day of the month described in
28 paragraphs two and three of this subdivision, the comptroller shall
29 deduct any amount not paid from the amount of the next payment or
30 payments due such county, city or school district pursuant to subdivi-
31 sion (c) of section twelve hundred sixty-one of this chapter until such
32 amount not paid has been recovered. The comptroller shall deposit the
33 amounts so deducted and recovered in the mass transportation operating
34 assistance fund to be credited as provided in paragraph three of this
35 subdivision.

36 (5) In the event that a city in which the taxes imposed by section
37 eleven hundred seven of this part are in effect does not pay in full a
38 bill described in paragraph three of this subdivision by the twenty-
39 fifth day of the month described in paragraphs two and three of this
40 subdivision, the comptroller shall deduct any amount not paid from the
41 amount of the next payment or payments due such city, with respect to
42 taxes, penalty and interest imposed pursuant to the authority of section
43 twelve hundred twelve-a of this chapter, pursuant to subdivision (c) of
44 section twelve hundred sixty-one of this chapter, until such amount not
45 paid has been recovered. The comptroller shall deposit the amounts so
46 deducted and recovered in the mass transportation operating assistance
47 fund to be credited as provided in paragraph three of this subdivision.

48 (6) In the event that a city in which the taxes imposed by section
49 eleven hundred eight of this part are in effect does not pay in full a
50 bill described in paragraph three of this subdivision by the twenty-
51 fifth day of the month described in paragraphs two and three of this
52 subdivision, the comptroller shall deduct any amount not paid from the
53 amount of any other moneys due such city from the comptroller, not
54 otherwise pledged, dedicated or encumbered pursuant to other state law,
55 until such amount not paid has been recovered. The comptroller shall
56 deposit the amounts so deducted and recovered in the mass transportation

1 operating assistance fund to be credited as provided in paragraph three
2 of this subdivision.

3 (7) The commissioner shall certify the amount of any over calculation
4 or under calculation of any certification required to be made to the
5 comptroller under paragraph three of this subdivision as soon after its
6 discovery as reasonably possible and subsequent bills to a city, county
7 or school district to which the over calculation or under calculation
8 relates shall be adjusted accordingly, provided that the comptroller may
9 adjust such number of subsequent bills as the comptroller shall consider
10 reasonable in view of the amount of the adjustment and all other facts
11 and circumstances.

12 (8) On the same date that the comptroller is required to bill a coun-
13 ty, city or school district an amount as provided in paragraph three of
14 this subdivision, the comptroller shall, after having first made any
15 deposits required by section ninety-two-r of the state finance law and
16 only to the extent that there are moneys remaining after having made
17 such required deposits, withdraw from the state treasury, to the debit
18 of the general fund, an amount equal to the total of the amounts
19 required to be billed to counties, cities and school districts pursuant
20 to such paragraph three and deposit such total amount in the mass trans-
21 portation operating assistance fund to be credited as provided in such
22 paragraph three. The amount of any over calculation or under calculation
23 determined in paragraph seven of this subdivision shall likewise be
24 applied to the amounts required to be deposited under this paragraph, so
25 that the amounts deposited under this paragraph equal the total of the
26 amounts required to be billed to counties, cities and school districts
27 under such paragraph three, as adjusted, pursuant to paragraph seven of
28 this subdivision.

29 § 6. Subparagraph (ii) of paragraph 1 of subdivision (a) of section
30 1210 of the tax law, as amended by section 5 of part J of chapter 59 of
31 the laws of 2021, is amended to read as follows:

32 (ii) Any local law, ordinance or resolution enacted by any city, coun-
33 ty or school district, imposing the taxes authorized by this subdivi-
34 sion, shall omit the residential solar energy systems equipment and
35 electricity exemption provided for in subdivision (ee), the commercial
36 solar energy systems equipment and electricity exemption provided for in
37 subdivision (ii), the commercial fuel cell electricity generating
38 systems equipment and electricity generated by such equipment exemption
39 provided for in subdivision (kk) and the clothing and footwear exemption
40 provided for in paragraph thirty of subdivision (a) of section eleven
41 hundred fifteen of this chapter and the alternative energy systems
42 exemption provided for in paragraph forty-seven of subdivision (a) of
43 section eleven hundred fifteen of this chapter, unless such city, county
44 or school district elects otherwise as to such residential solar energy
45 systems equipment and electricity exemption, such commercial solar ener-
46 gy systems equipment and electricity exemption, commercial fuel cell
47 electricity generating systems equipment and electricity generated by
48 such equipment exemption or such clothing and footwear exemption.

49 § 7. Subdivision (d) of section 1210 of the tax law, as amended by
50 section 4 of part WW of chapter 60 of the laws of 2016, is amended to
51 read as follows:

52 (d) A local law, ordinance or resolution imposing any tax pursuant to
53 this section, increasing or decreasing the rate of such tax, repealing
54 or suspending such tax, exempting from such tax the energy sources and
55 services described in paragraph three of subdivision (a) or of subdivi-
56 sion (b) of this section or changing the rate of tax imposed on such

1 energy sources and services or providing for the credit or refund
2 described in clause six of subdivision (a) of section eleven hundred
3 nineteen of this chapter, or electing or repealing the exemption for
4 residential solar equipment and electricity in subdivision (ee) of
5 section eleven hundred fifteen of this article, or the exemption for
6 commercial solar equipment and electricity in subdivision (ii) of
7 section eleven hundred fifteen of this ~~[article]~~ chapter, or electing or
8 repealing the exemption for commercial fuel cell electricity generating
9 systems equipment and electricity generated by such equipment in subdivi-
10 sion (kk) of section eleven hundred fifteen of this ~~[article]~~ chapter
11 must go into effect only on one of the following dates: March first,
12 June first, September first or December first; provided, that a local
13 law, ordinance or resolution providing for the exemption described in
14 paragraph thirty or forty-seven of subdivision (a) of section eleven
15 hundred fifteen of this chapter or repealing any such exemption or a
16 local law, ordinance or resolution providing for a refund or credit
17 described in subdivision (d) of section eleven hundred nineteen of this
18 chapter or repealing such provision so provided must go into effect only
19 on March first. No such local law, ordinance or resolution shall be
20 effective unless a certified copy of such law, ordinance or resolution
21 is mailed by registered or certified mail to the commissioner at the
22 commissioner's office in Albany at least ninety days prior to the date
23 it is to become effective. However, the commissioner may waive and
24 reduce such ninety-day minimum notice requirement to a mailing of such
25 certified copy by registered or certified mail within a period of not
26 less than thirty days prior to such effective date if the commissioner
27 deems such action to be consistent with the commissioner's duties under
28 section twelve hundred fifty of this article and the commissioner acts
29 by resolution. Where the restriction provided for in section twelve
30 hundred twenty-three of this article as to the effective date of a tax
31 and the notice requirement provided for therein are applicable and have
32 not been waived, the restriction and notice requirement in section
33 twelve hundred twenty-three of this article shall also apply.

34 § 8. Section 1210 of the tax law is amended by adding a new subdivi-
35 sion (p) to read as follows:

36 (p) Notwithstanding any other provision of state or local law, ordi-
37 nance or resolution to the contrary:

38 (1) Any city having a population of one million or more in which the
39 taxes imposed by section eleven hundred seven of this chapter are in
40 effect, acting through its local legislative body, is hereby authorized
41 and empowered to elect to provide the exemption from such taxes for the
42 same alternative energy systems exempt from state sales and compensating
43 use taxes described in paragraph forty-seven of subdivision (a) of
44 section eleven hundred fifteen of this chapter by enacting a resolution
45 exactly in the form set forth in paragraph two of this subdivision;
46 whereupon, upon compliance with the provisions of subdivisions (d) and
47 (e) of this section, such enactment of such resolution shall be deemed
48 to be an amendment to such section eleven hundred seven and such section
49 eleven hundred seven shall be deemed to incorporate such exemption as if
50 it had been duly enacted by the state legislature and approved by the
51 governor.

52 (2) Form of Resolution: Be it enacted by the (insert proper title of
53 local legislative body) as follows:

54 Section one. Receipts from sales of and consideration given or
55 contracted to be given for, or for the use of, alternative energy
56 systems exempt from state sales and compensating use taxes pursuant to

1 paragraph forty-seven of subdivision (a) of section 1115 of the New York
2 tax law shall also be exempt from sales and compensating use taxes
3 imposed in this jurisdiction.

4 Section two. This resolution shall take effect March 1, (insert the
5 year, but not earlier than the year 2026) and shall apply to sales made
6 and uses occurring on or after such date in accordance with the applica-
7 ble transitional provisions of sections 1106 and 1217 of the New York
8 tax law.

9 § 9. Notwithstanding any other provision of state or local law, ordi-
10 nance or resolution to the contrary: (a) Any county or city imposing
11 sales and compensating use taxes pursuant to the authority of subpart B
12 of part 1 of article 29 of the tax law, acting through its local legis-
13 lative body, is hereby authorized and empowered to elect to provide the
14 exemption from such taxes for alternative energy systems exempt from
15 state sales and compensating use taxes described in paragraph 45 of
16 subdivision (a) of section 1115 of the tax law, whether such taxes are
17 imposed by local law, ordinance or resolution, by enacting a resolution
18 exactly in the form set forth in subdivision (c) of this section; where-
19 upon, upon compliance with the provisions of subdivision (d) of this
20 section, such enactment of such resolution shall be deemed to amend such
21 local law, ordinance or resolution imposing such taxes, and such local
22 law, ordinance or resolution shall thenceforth be deemed to incorporate
23 such exemption.

24 (b) Any city of one million or more in which the taxes imposed by
25 section 1107 of the tax law are in effect, acting through its local
26 legislative body, is hereby authorized and empowered to elect to provide
27 the exemption from such taxes for the same alternative energy systems
28 exempt from state sales and compensating use taxes described in para-
29 graph 45 of subdivision (a) of section 1115 of the tax law by enacting a
30 resolution exactly in the form set forth in subdivision (c) of this
31 section; whereupon, upon compliance with the provisions of subdivision
32 (d) of this section, such enactment of such resolution shall be deemed
33 to amend such section 1107 of the tax law and such section 1107 shall
34 thenceforth be deemed to incorporate such exemption as if it had been
35 duly enacted by the state legislature and approved by the governor and
36 such resolution shall also be deemed to amend any local law, ordinance
37 or resolution enacted by such a city imposing such taxes pursuant to the
38 authority of subdivision (a) of section 1210 of the tax law, whether or
39 not such taxes are suspended at the time such city enacts its resol-
40 ution.

41 (c) Form of Resolution:

42 Be it enacted by the (insert proper title of local legislative body)
43 as follows:

44 Section one: The (county or city) of (insert locality's name) hereby
45 elects the alternative energy systems exemption commencing in January of
46 2026.

47 Section two: This resolution shall take effect immediately and shall
48 apply to sales made and uses occurring on or after such date, in accord-
49 ance with applicable transitional provisions of the New York tax law.

50 (d) A resolution adopted pursuant to this section shall be effective
51 only if it is adopted exactly as set forth in subdivision (c) of this
52 section and such county or city adopts it by December 31, 2025, mails a
53 certified copy of it to the commissioner of taxation and finance by
54 certified mail by such date and otherwise complies with the requirements
55 of subdivisions (d) and (e) of section 1210 of the tax law.

1 § 10. This act shall take effect immediately and shall expire and be
2 deemed repealed two years after such date and shall apply to sales made
3 and uses occurring during exemption periods on or after that date in
4 accordance with the applicable transitional provisions of sections 1106
5 and 1217 of the tax law.