

# STATE OF NEW YORK

3474

2025-2026 Regular Sessions

## IN ASSEMBLY

January 27, 2025

Introduced by M. of A. HEVESI, KELLES, CUNNINGHAM, COLTON, RAGA, WALKER, FORREST, BORES, SIMON, OTIS, CRUZ, R. CARROLL, KIM, BICHOTTE HERMELYN, EPSTEIN, TAPIA, LUNSFORD, GONZALEZ-ROJAS, K. BROWN, ALVAREZ, TAYLOR, DE LOS SANTOS, SIMONE, ROSENTHAL, LEVENBERG, GALLAHAN, MAMDANI, STECK, ROZIC, GIBBS -- read once and referred to the Committee on Ways and Means

AN ACT to amend the tax law, in relation to a New York state working families tax credit

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

1 Section 1. Subsection (d) of section 606 of the tax law is amended by  
2 adding a new paragraph 9 to read as follows:

3 (9) Commencing in the taxable year next succeeding the effective date  
4 of subsection (c-2) of this section, the earned income credit for  
5 taxpayers with qualifying children through age seventeen, as defined in  
6 paragraph one of subsection (c-2) of this section, shall be reduced over  
7 the course of four years as follows:

8 (A) In the first taxable year succeeding the effective date of  
9 subsection (c-2) of this section, the applicable percentage of the  
10 earned income credit allowed under section thirty-two of the internal  
11 revenue code for the same taxable year, as described in paragraph one of  
12 this subsection, shall be reduced to twenty-five;

13 (B) In the second taxable year succeeding the effective date of  
14 subsection (c-2) of this section, the applicable percentage of the  
15 earned income credit allowed under section thirty-two of the internal  
16 revenue code for the same taxable year, as described in paragraph one of  
17 this subsection, shall be reduced to twenty;

18 (C) In the third taxable year succeeding the effective date of  
19 subsection (c-2) of this section, the applicable percentage of the  
20 earned income credit allowed under section thirty-two of the internal

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

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1 revenue code for the same taxable year, as described in paragraph one of  
2 this subsection, shall be reduced to fifteen;

3 (D) In the fourth taxable year succeeding the effective date of  
4 subsection (c-2) of this section, the applicable percentage of the  
5 earned income credit allowed under section thirty-two of the internal  
6 revenue code for the same taxable year, as described in paragraph one of  
7 this subsection, shall be reduced to ten.

8 (E) In the fifth taxable year succeeding the effective date of  
9 subsection (c-2) of this section and each taxable year thereafter, the  
10 applicable percentage of the earned income tax credit allowed under  
11 section thirty-two of the internal revenue code for the same taxable  
12 year, as described in paragraph one of this subsection, shall be reduced  
13 to zero.

14 Taxpayers with both qualifying children through age seventeen as  
15 defined in paragraph one of subsection (c-2) of this section and another  
16 qualifying child, as defined in 26 USC §152(c), and/or a qualifying  
17 relative, as defined in 26 USC §152(d), shall not be subject to the  
18 reduction of the earned income tax credit provided in subparagraphs (A)  
19 through (D) of this paragraph and shall continue to receive the full  
20 applicable percentage of the earned income credit allowed under section  
21 thirty-two of the internal revenue code for the same taxable year, as  
22 described in paragraph one of this subsection, until the fifth taxable  
23 year succeeding the effective date of subsection (c-2) of this section  
24 and each taxable year thereafter, at which point such taxpayer shall  
25 receive such full applicable percentage only for a qualifying child, as  
26 defined in 26 USC §152(c), and/or qualifying relative, as defined in 26  
27 USC §152(d), who does not meet the definition of qualifying child  
28 through age seventeen in paragraph one of subsection (c-2) of this  
29 section.

30 § 2. Paragraph 1 of subsection (c-1) of section 606 of the tax law, as  
31 amended by section 1 of part HH of chapter 56 of the laws of 2023, is  
32 amended to read as follows:

33 (1) [A] For taxable years prior to the first of January next succeed-  
34 ing the effective date of subsection (c-2) of this section, a resident  
35 taxpayer shall be allowed a credit as provided herein equal to the  
36 greater of one hundred dollars times the number of qualifying children  
37 of the taxpayer or the applicable percentage of the child tax credit  
38 allowed the taxpayer under section twenty-four of the internal revenue  
39 code for the same taxable year for each qualifying child. Provided,  
40 however, in the case of a taxpayer whose federal adjusted gross income  
41 exceeds the applicable threshold amount set forth by section 24(b)(2) of  
42 the Internal Revenue Code, the credit shall only be equal to the appli-  
43 cable percentage of the child tax credit allowed the taxpayer under  
44 section 24 of the Internal Revenue Code for each qualifying child. For  
45 the purposes of this subsection, a qualifying child shall be a child who  
46 meets the definition of qualified child under section 24(c) of the  
47 internal revenue code. The applicable percentage shall be thirty-three  
48 percent. For purposes of this subsection, any reference to section 24 of  
49 the Internal Revenue Code shall be a reference to such section as it  
50 existed immediately prior to the enactment of Public Law 115-97.

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

53 (c-2) New York state working families tax credit. (1) Definitions.  
54 (A) "Adjusted for all inflation since two thousand twenty-three" shall  
55 mean the commissioner increases the dollar amount of a credit or  
56 adjusted gross income, as applicable, by an amount equal to the sum of

1 all cost-of-living adjustments calculated and published by the internal  
2 revenue service pursuant to 26 USC §1(f)(3) since calendar year two  
3 thousand twenty-three.

4 (B) "Qualifying child" or "qualifying children" shall mean as defined  
5 in 26 USC §24(c)(1).

6 (C) "Qualifying child through age seventeen" or "qualifying children  
7 through age 17" shall mean as defined in 26 USC §24(c)(1) except that  
8 such term shall also include qualifying children who have not attained  
9 the age of eighteen.

10 (2) (A) For taxable years beginning on and after the first of January  
11 next succeeding the effective date of this subsection, a resident  
12 taxpayer shall be allowed a credit equal to:

13 (i) In the first taxable year succeeding the effective date of this  
14 subsection, five hundred and fifty dollars per qualifying child;

15 (ii) In the second taxable year succeeding the effective date of this  
16 subsection, eight hundred dollars per qualifying child, provided, howev-  
17 er, that the dollar amount herein prescribed shall be adjusted for all  
18 inflation since two thousand twenty-three;

19 (iii) In the third taxable year succeeding the effective date of this  
20 subsection, one thousand dollars per qualifying child, provided, howev-  
21 er, that the dollar amount herein prescribed shall be adjusted for all  
22 inflation since two thousand twenty-three;

23 (iv) In the fourth taxable year succeeding the effective date of this  
24 subsection, one thousand two hundred dollars per qualifying child  
25 through age seventeen, provided, however, that the dollar amount herein  
26 prescribed shall be adjusted for all inflation since two thousand twen-  
27 ty-three;

28 (v) In the fifth taxable year succeeding the effective date of this  
29 subsection and each taxable year thereafter, one thousand six hundred  
30 dollars per qualifying child through age seventeen, provided, however,  
31 that the dollar amount herein prescribed shall be adjusted for all  
32 inflation since two thousand twenty-three in the fifth taxable year  
33 succeeding the effective date of this subsection and each taxable year  
34 thereafter.

35 (B) The amount of the credit shall be reduced, however, by twenty  
36 dollars for each one thousand dollars by which the taxpayer's New York  
37 state adjusted gross income exceeds:

38 (i) In the first taxable year succeeding the effective date of this  
39 subsection, seventy-five thousand dollars in the case of an individual  
40 who is not married, one hundred ten thousand dollars in the case of a  
41 joint return, or seventy-five thousand dollars in the case of a married  
42 individual filing a separate return;

43 (ii) In the second taxable year succeeding the effective date of this  
44 subsection, sixty-five thousand dollars in the case of an individual who  
45 is not married, one hundred ten thousand dollars in the case of a joint  
46 return, or sixty-five thousand dollars in the case of a married individ-  
47 ual filing a separate return;

48 (iii) In the third taxable year succeeding the effective date of this  
49 subsection, fifty-five thousand dollars in the case of an individual who  
50 is not married, one hundred ten thousand dollars in the case of a joint  
51 return, or fifty-five thousand dollars in the case of a married individ-  
52 ual filing a separate return;

53 (iv) In the fourth taxable year succeeding the effective date of this  
54 subsection, forty-five thousand dollars in the case of an individual who  
55 is not married, ninety thousand dollars in the case of a joint return,

1 or forty-five thousand dollars in the case of a married individual  
2 filing a separate return; and

3 (v) In the fifth taxable year succeeding the effective date of this  
4 subsection and each taxable year thereafter, twenty-five thousand  
5 dollars in the case of an individual who is not married, fifty thousand  
6 dollars in the case of a joint return, or twenty-five thousand dollars  
7 in the case of a married individual filing a separate return, provided,  
8 however, that the dollar amount herein prescribed shall be adjusted  
9 for all inflation since two thousand twenty-three in the fifth taxable  
10 year succeeding the effective date of this subsection and each tax-  
11 able year thereafter.

12 (C) Provided further, that the amount of the credit shall never be  
13 reduced below one hundred dollars per qualifying child in the second and  
14 third taxable years succeeding the effective date of this subsection. In  
15 the fourth taxable year succeeding the effective date of this subsection  
16 and each taxable year thereafter, the credit shall never be reduced  
17 below one hundred dollars per qualifying child through age seventeen.

18 (D) Such resident taxpayer must provide the social security number or  
19 individual taxpayer identification number for each qualifying child in  
20 order to receive the credit described in this subsection.

21 (3) If the amount of the credit allowed under this subsection for any  
22 taxable year shall exceed the taxpayer's tax for such year, the excess  
23 shall be treated as an overpayment of tax to be credited or refunded in  
24 accordance with the provisions of section six hundred eighty-six of this  
25 article, provided, however, that no interest shall be paid thereon.

26 (4) In the case of spouses who file a joint federal return, but who  
27 are required to determine their New York taxes separately, the credit  
28 allowed pursuant to this subsection may be applied against the tax  
29 imposed on either or divided between them as they may elect.

30 (5) Commencing in the fourth taxable year succeeding the effective  
31 date of this subsection, the commissioner shall provide for the prepay-  
32 ment of the working families credit under this subsection to qualifying  
33 taxpayers. Four advanced payments shall be made to such qualifying  
34 taxpayers. An estimated annual tax credit shall be determined by the  
35 commissioner in advance of the first payment and shall be subject to  
36 adjustment due to changes in employment or family status over the course  
37 of the year. The first three advanced payments shall be made during the  
38 taxable year and shall be twenty percent of the anticipated credit. The  
39 fourth advanced payment shall be made after the end of the tax year and  
40 shall be adjusted to match the actual credit due. Such payments shall,  
41 to the extent practicable, be made available via direct deposit and via  
42 electronic benefit transfer (EBT) card. The commissioner shall provide  
43 information on the availability of advanced payments of the working  
44 families credit to tax preparers, accountants, and organizations that  
45 assist individuals in tax preparation. Such information shall be  
46 distributed to qualifying taxpayers. If a taxpayer establishes that they  
47 are requesting and receiving payments under this paragraph in good faith  
48 by establishing that they properly claimed payments under this  
49 subsection in the prior year and that they have not experienced a  
50 substantial change in circumstances such that they have a reasonable  
51 expectation of eligibility in the current year, then they shall not be  
52 held responsible for an incorrect prepayment/refund amount.

53 (6) Notwithstanding any provision of law to the contrary, the refunda-  
54 ble credit and its payment authorized under this subsection shall be  
55 treated in the same manner as the federal Earned Income Tax Credit and  
56 shall not be considered as assets, income, or resources to the same

1 extent the credit and its payment would be disregarded pursuant to 26  
2 U.S.C. § 6409 and the general welfare doctrine for purposes of determin-  
3 ing eligibility for benefits or assistance, or the amount or extent of  
4 those benefits or assistance, under any state or local program, includ-  
5 ing benefits established under section ninety-five of the social  
6 services law.

7 § 4. Section 616 of the tax law, as amended by chapter 28 of the laws  
8 of 1987, subsection (b) as amended by chapter 760 of the laws of 1992,  
9 is amended to read as follows:

10 § 616. New York exemptions of a resident individual. (a) General. For  
11 taxable years beginning after nineteen hundred eighty-seven, a resident  
12 individual shall be allowed a New York exemption of one thousand dollars  
13 for each exemption for which [~~he is~~] they are entitled to a deduction  
14 for the taxable year under section one hundred fifty-one(c) of the  
15 Internal Revenue Code; and for taxable years beginning in nineteen  
16 hundred eighty-seven, a resident individual other than a taxpayer whose  
17 federal exemption amount is zero shall be allowed a New York exemption  
18 of nine hundred dollars for each exemption for which [~~he is~~] they are  
19 entitled to a deduction for the taxable year for federal income tax  
20 purposes.

21 (b) [~~Husband and wife~~] Spouses. If the New York income taxes of [~~a~~  
22 ~~husband and wife~~] spouses are required to be separately determined but  
23 their federal income tax is determined on a joint return, each of them  
24 shall be separately entitled to the New York exemptions under subsection  
25 (a) of this section to which each would be separately entitled for the  
26 taxable year if their federal income taxes had been determined on sepa-  
27 rate returns.

28 (c) Commencing in the second taxable year succeeding the effective  
29 date of subsection (c-2) of section six hundred six of this article, a  
30 resident individual shall not be allowed the exemption described in this  
31 section for any qualifying child as defined in subparagraph (B) of para-  
32 graph one of subsection (c-2) of section six hundred six of this arti-  
33 cle. Commencing in the fourth taxable year succeeding the effective  
34 date of subsection (c-2) of section six hundred six of this article, a  
35 resident individual shall not be allowed the exemption described in this  
36 section for any qualifying child through age seventeen as defined in  
37 subparagraph (C) of paragraph one of subsection (c-2) of section six  
38 hundred six of this article. In all years on or after the effective date  
39 of subsection (c-2) of section six hundred six of this article, however,  
40 a resident individual shall continue to be allowed the exemption  
41 described in this section for other qualifying dependents, as defined in  
42 26 USC § 152(a), who do not meet the definition of qualifying child in  
43 subparagraph (B) of paragraph one of subsection (c-2) of section six  
44 hundred six of this article and qualifying child through age seventeen  
45 as defined in subparagraph (C) of paragraph one of subsection (c-2) of  
46 section six hundred six of this article.

47 § 5. This act shall take effect immediately.