STATE OF NEW YORK

5113

2025-2026 Regular Sessions

IN SENATE

February 19, 2025

Introduced by Sen. BORRELLO -- read twice and ordered printed, and when printed to be committed to the Committee on Budget and Revenue

AN ACT to amend the tax law, in relation to including retirement plans in the exemption for pensions and annuities for certain persons and to increasing such exemption

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

Section 1. Paragraph 3-a of subsection (c) of section 612 of the tax law, as amended by section 3 of part I of chapter 59 of the laws of 2015, is amended to read as follows:

(3-a) Pensions [~~and~~], annuities **and other retirement plans** received by an individual who has attained the age of fifty-nine and one-half, not otherwise excluded pursuant to paragraph three of this subsection, to the extent includible in gross income for federal income tax purposes, but not in excess of [~~twenty~~] **forty thousand dollars for any taxable year beginning on or after January first, two thousand twenty-seven, sixty thousand dollars for any taxable year beginning on or after January first, two thousand twenty-eight, eighty thousand dollars for any taxable year beginning on or after January first, two thousand twenty-nine, one hundred** thousand dollars **for any taxable year beginning on or after January first, two thousand thirty, multiplied by one plus the percentage by which the consumer price index for the preceding calendar year exceeds the consumer price index for the taxable year beginning on or after January first, two thousand thirty**, which are periodic payments attributable to personal services performed by such individual prior to [~~his~~] **their** retirement from employment, which arise (i) from an employer-employee relationship or (ii) from contributions to a retirement plan which are deductible for federal income tax purposes. However, the term "pensions and annuities" shall also include distributions received by an individual who has attained the age of fifty-nine and one-half from an individual retirement account or an individual

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

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retirement annuity, as defined in section four hundred eight of the internal revenue code, and distributions received by an individual who has attained the age of fifty-nine and one-half from self-employed individual and owner-employee retirement plans which qualify under section four hundred one of the internal revenue code, whether or not the payments are periodic in nature. Nevertheless, the term "pensions and annuities" shall not include any lump sum distribution, as defined in subparagraph (D) of paragraph four of subsection (e) of section four hundred two of the internal revenue code and taxed under section six hundred three of this article. Where [~~a husband and wife~~] **spouses** file a joint state personal income tax return, the modification provided for in this paragraph shall be computed as if they were filing separate state personal income tax returns. Where a payment would otherwise come within the meaning of the term "pensions and annuities" as set forth in this paragraph, except that such individual is deceased, such payment shall, nevertheless, be treated as a pension or annuity for purposes of this paragraph if such payment is received by such individual's beneficiary. **For purposes of this paragraph, "consumer price index" means the average of the consumer price index as of the close of the twelve-month period ending on August thirty-first of such taxable year for all-urban consumers published by the United States department of labor.**

§ 2. This act shall take effect immediately.