STATE OF NEW YORK

8518

2025-2026 Regular Sessions

IN SENATE

October 1, 2025

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

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

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

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

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

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

(b) "Blockchain" means data that is:

(i) shared across a network to create a ledger of verified transactions or information among network participants linked using cryptography to maintain the integrity of the ledger and to execute other functions; and

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

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

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

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

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

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

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

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

(iii) may take the form of a blockchain network or other data structures that provide decentralized validation, transparency, and synchronization of records among participants, whether permissioned or permissionless, public or private.

(g) "Digital asset mining using proof-of-work authentication methods" means the operation of specialized computer hardware or devices, including but not limited to application-specific integrated circuits (ASICs) or graphics processing units (GPUs) for the purpose of validation or authentication of transactions, recording data, or securing consensus on a distributed ledger or blockchain network through the repeated performance of computational algorithms. Such processes, commonly referred to as "proof-of-work", involve solving cryptographic or mathematical puzzles of increasing difficulty in order to create new units of digital assets or to receive compensation in the form of transaction fees or block rewards, and are characterized by continuous, high-intensity electricity consumption for the purpose of verifying transactions and maintaining the integrity of the blockchain.

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

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

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

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

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

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

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

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

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

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

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

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

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