

STATE OF NEW YORK

8632

2025-2026 Regular Sessions

IN SENATE

December 22, 2025

Introduced by Sen. GOUNARDES -- 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 the calculation of certain credits for dependent care services necessary for gainful employment

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

1 Section 1. Subsection (c) of section 606 of the tax law, as amended by
2 chapter 309 of the laws of 1996, paragraph 1 as amended by section 1 of
3 part M of chapter 63 of the laws of 2000, paragraph 1-a as added by
4 section 1 and paragraph 1-b as added by section 2 of part T of chapter
5 59 of the laws of 2017, and paragraph 4 as amended by section 2 of part
6 J of chapter 59 of the laws of 2014, is amended to read as follows:

7 (c) Credit for certain household and dependent care services necessary
8 for gainful employment.

9 (1) A taxpayer shall be allowed a credit as provided herein equal to
10 the applicable percentage of the credit allowable under section twenty-
11 one of the internal revenue code for the same taxable year (without
12 regard to whether the taxpayer in fact claimed the credit under such
13 section twenty-one for such taxable year). The applicable percentage
14 shall be the sum of (i) twenty percent and (ii) a multiplier multiplied
15 by a fraction. [~~For taxable years beginning in nineteen hundred ninety-~~
16 ~~six and nineteen hundred ninety seven, the numerator of such fraction~~
17 ~~shall be the lesser of (i) four thousand dollars or (ii) fourteen thou-~~
18 ~~sand dollars less the New York adjusted gross income for the taxable~~
19 ~~year, provided, however, the numerator shall not be less than zero. For~~
20 ~~the taxable year beginning in nineteen hundred ninety eight, the numera-~~
21 ~~tor of such fraction shall be the lesser of (i) thirteen thousand~~
22 ~~dollars or (ii) thirty thousand dollars less the New York adjusted gross~~
23 ~~income for the taxable year, provided, however, the numerator shall not~~
24 ~~be less than zero. For taxable years beginning in nineteen hundred nine-~~
25 ~~ty-nine, the numerator of such fraction shall be the lesser of (i)~~

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

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~~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 reversion 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. For the purposes of this subsection, any reference to section twenty-one of the internal revenue code shall be a reference to such section as it existed immediately prior to the enactment of Public Law 119-21.

(1-a) For taxable years beginning after two thousand seventeen, for a taxpayer with New York adjusted gross income of at least fifty thousand dollars but less than one hundred fifty thousand dollars, the applicable percentage shall be the applicable percentage otherwise computed under paragraph one of this subsection multiplied by a factor as follows:

If New York adjusted gross

income is:

At least \$50,000 and less

than \$55,000

At least \$55,000 and less

The factor is:

1.1682

1	than \$60,000	1.2733
2	At least \$60,000 and less	
3	than \$65,000	2.322
4	At least \$65,000 and less	
5	than \$150,000	3.000

6 Provided, however, that for taxable years beginning on or after Janu-
7 ary first, two thousand twenty-six, the credit described in this
8 subsection shall be reduced by twenty dollars for each one thousand
9 dollars by which the taxpayer's New York adjusted gross income exceeds
10 five hundred thousand dollars, or, in the case of a joint return, by
11 twenty dollars for each one thousand dollars by which the taxpayer's New
12 York adjusted gross income exceeds one million dollars; provided,
13 further, that the credit shall never be reduced below zero.

14 (1-b) Notwithstanding anything in this subsection to the contrary, a
15 taxpayer shall be allowed a credit as provided in this subsection equal
16 to the applicable percentage of the credit allowable under section twen-
17 ty-one of the internal revenue code as such section existed immediately
18 prior to the enactment of Public Law 119-21 for the same taxable year
19 (without regard to whether the taxpayer in fact claimed the credit under
20 such section twenty-one for such taxable year) that would have been
21 allowed absent the application of section 21(c) of such code for taxpay-
22 ers with more than two qualifying individuals, provided however, that
23 the credit shall be calculated as if the dollar limit on amount credita-
24 ble shall not exceed seven thousand five hundred dollars if there are
25 three qualifying individuals, eight thousand five hundred dollars if
26 there are four qualifying individuals, and nine thousand dollars if
27 there are five or more qualifying individuals.

28 (2) Residents. In the case of a resident taxpayer, the credit under
29 this subsection shall be allowed against the taxes imposed by this arti-
30 cle for the taxable year reduced by the credits permitted by this arti-
31 cle. If the credit exceeds the tax as so reduced, the taxpayer may
32 receive, and the comptroller, subject to a certificate of the commis-
33 sioner, shall pay as an overpayment, without interest, the amount of
34 such excess.

35 (3) Nonresidents. In the case of a nonresident taxpayer, the credit
36 under this subsection shall be allowed against the tax determined under
37 subsections (a) through (d) of section six hundred one. The amount of
38 the credit shall not exceed the tax determined under such subsections
39 for the taxable year reduced by the credit permitted under subsection
40 (b) of this section.

41 (4) Part-year residents. In the case of a part-year resident taxpayer,
42 the credit under this subsection shall be allowed against the tax deter-
43 mined under subsections (a) through (d) of section six hundred one
44 reduced by the credit permitted under subsection (b) of this section,
45 and any excess credit after such application shall be allowed against
46 the tax imposed by section six hundred three. Any remaining excess,
47 after such application, shall be refunded as provided in paragraph two
48 hereof, provided, however, that any overpayment under such paragraph
49 shall be limited to the amount of the remaining excess multiplied by a
50 fraction, the numerator of which is federal adjusted gross income for
51 the period of residence, computed as if the taxable year for federal
52 income tax purposes were limited to the period of residence, and the
53 denominator of which is federal adjusted gross income for the taxable
54 year.

55 (5) In the case of [~~a husband and wife~~] spouses who file a joint
56 federal return, but who are required to determine their New York taxes

1 separately, the credit allowed pursuant to this subsection may only be
2 applied against the tax imposed on the spouse with the lower taxable
3 income, computed without regard to such credit. In the case of [~~a~~
4 ~~husband and wife~~] spouses who are not required to file a federal return,
5 the credit under this subsection shall be allowed only if such taxpayers
6 file a joint New York income tax return.

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