STATE OF NEW YORK

9077

IN SENATE

January 29, 2026

Introduced by Sen. GOUNARDES -- 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 expanding the empire state child credit

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

Section 1. Subsection (c-1) of section 606 of the tax law, as added by section 1 of part A of chapter 62 of the laws of 2006, paragraph 1 as amended by section 1 and paragraph 1-a as added by section 2 of part C of chapter 59 of the laws of 2025, paragraph 4 as added by section 1 of part NN of chapter 59 of the laws of 2022 and paragraph 5 as added by section 1 of part BBB of chapter 56 of the laws of 2024, is amended to read as follows:

(c-1) Empire state child credit. (1) For taxable years beginning before January first, two thousand twenty-five[~~, and taxable years beginning on or after January first, two thousand twenty-eight,~~] a resident taxpayer shall be allowed a credit as provided herein equal to the greater of one hundred dollars times the number of qualifying children of the taxpayer or the applicable percentage of the child tax credit allowed the taxpayer under section twenty-four of the internal revenue code for the same taxable year for each qualifying child. Provided, however, in the case of a taxpayer whose federal adjusted gross income exceeds the applicable threshold amount set forth by section 24(b)(2) of the Internal Revenue Code, the credit shall only be equal to the applicable percentage of the child tax credit allowed the taxpayer under section 24 of the Internal Revenue Code for each qualifying child. For the purposes of [~~this subsection~~] **subparagraphs (A) and (B) of paragraph one-a of this subsection**, a qualifying child shall be a child who meets the definition of qualified child under section 24(c) of the internal revenue code. The applicable percentage shall be thirty-three percent. For purposes of this subsection, any reference to section 24 of the Internal Revenue Code shall be a reference to such section as it existed immediately prior to the enactment of Public Law 115-97.

(1-a) (A) For taxable years beginning on and after January first, two thousand twenty-five, and before January first, two thousand twenty-six, a resident taxpayer shall be allowed a credit as provided herein, equal to the sum of:

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

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(i) one thousand dollars times the number of qualifying children of the taxpayer aged three or younger, and

(ii) three hundred thirty dollars times the number of qualifying children of the taxpayer who have attained age four and not yet attained age seventeen.

(B) For taxable years beginning on [~~and after~~] January first, two thousand twenty-six[~~, and before January first, two thousand twenty-eight,~~] a resident taxpayer shall be allowed a credit as provided herein, equal to the sum of:

(i) one thousand dollars times the number of qualifying children of the taxpayer aged three or younger, and

(ii) five hundred dollars times the number of qualifying children of the taxpayer who have attained age four and not yet attained age seventeen.

(B-1) For taxable years beginning on January first, two thousand twenty-seven, a resident taxpayer shall be allowed a credit as provided herein, equal to the sum of:

(i) one thousand one hundred fifty dollars times the number of qualifying children of the taxpayer aged three or younger, and

(ii) seven hundred fifty dollars times the number of qualifying children of the taxpayer who have attained age four and not yet attained age eighteen.

(B-2) For taxable years beginning on January first, two thousand twenty-eight, a resident taxpayer shall be allowed a credit as provided herein, equal to the sum of:

(i) one thousand three hundred dollars times the number of qualifying children of the taxpayer aged three or younger, and

(ii) one thousand dollars times the number of qualifying children of the taxpayer who have attained age four and not yet attained age eighteen.

(B-3) For taxable years beginning on January first, two thousand twenty-nine, a resident taxpayer shall be allowed a credit as provided herein, equal to the sum of:

(i) one thousand five hundred dollars times the number of qualifying children of the taxpayer aged three or younger, and

(ii) one thousand two hundred fifty dollars times the number of qualifying children of the taxpayer who have attained age four and not yet attained age eighteen.

(B-4) For taxable years beginning on and after January first, two thousand thirty, a resident taxpayer shall be allowed a credit as provided herein, equal to the sum of one thousand five hundred dollars times the number of qualifying children of the taxpayer aged seventeen or younger, provided, however, that the dollar amount prescribed herein shall be adjusted for inflation on an annual basis beginning in taxable years beginning on and after January first, two thousand thirty-one. For the purposes of this subparagraph, "adjusted for inflation" shall mean that the commissioner increases the dollar amount prescribed herein by the cost-of-living adjustment calculated and published by the internal revenue service pursuant to 26 USC §1(f)(3).

(B-5) For the purposes of subparagraphs (B-1) through (B-4) of this paragraph, a qualifying child shall be a child who meets the definition of qualified child under section 24(c) of the internal revenue code, as such section existed immediately prior to the enactment of Public Law 115-97, except that it shall also include qualifying children who have not attained the age of eighteen.

(C) The amount of the credit allowable under subparagraphs (A) and (B) of this paragraph shall be reduced (but not below zero) by sixteen dollars and fifty cents for each one thousand dollars by which the taxpayer's federal adjusted gross income exceeds the threshold amount. For the purposes of this subparagraph, the term "threshold amount" shall mean: (i) one hundred ten thousand dollars in the case of married taxpayers filing jointly; (ii) seventy-five thousand dollars in the case of a taxpayer filing as single, head of household, or qualified [~~surving~~] surviving spouse; and (iii) fifty-five thousand dollars in the case of a married taxpayer filing a separate return.

(C-1) Commencing in the taxable year beginning on January first, two thousand thirty-one, the commissioner shall provide for the prepayment of the credit provided under this subsection to qualifying taxpayers. Four advanced payments shall be made to such taxpayers. An estimated annual tax credit shall be determined by the commissioner in advance of the first payment and shall be subject to adjustment due to changes in employment or family status over the course of the year. The first three advanced payments shall be made during the taxable year and shall be twenty percent of the anticipated credit. The fourth advanced payment shall be made after the end of the tax year and shall be adjusted to match the actual credit due.

(D) For the purposes of this paragraph, a qualifying child shall be an individual who: (i) is a child, sibling, or stepsibling of the taxpayer, or a descendent of any such relative; (ii) has the same principal place of abode as the taxpayer for more than one-half of the taxable year; (iii) [~~has not attained age seventeen; (iv)~~] has not provided over one-half of such individual's own support for the calendar year in which the taxable year of the taxpayer begins; [~~(v)~~] (iv) has not filed a joint return (other than only for a claim of refund) with the individual's spouse under section six hundred fifty-one of this article for the taxable year; and [~~(vi)~~] (v) is a citizen or national of the United States, or an individual with an individual taxpayer identification number issued by the internal revenue service.

(E) For the purposes of this paragraph, the term "child" shall mean an individual who is the offspring or stepchild of the taxpayer, or an eligible foster child of the taxpayer, or a legally adopted individual of the taxpayer, or an individual who is lawfully placed with the taxpayer for legal adoption by the taxpayer.

(F) (i) Except as provided in subparagraph (C) of this paragraph, if an individual may be claimed as a qualifying child by two or more taxpayers for a taxable year, such individual shall be treated as the qualifying child of the taxpayer who is: (I) a parent of the individual, or (II) if subclause (I) does not apply, the taxpayer with the highest federal adjusted gross income for such taxable year.

(ii) If the parents claiming any qualifying child do not file a joint return together, such child shall be treated as the qualifying child of: (I) the parent with whom the child resided for the longest period of time during the taxable year, or (II) if the child resides with both parents for the same amount of time during such taxable year, the parent with the highest federal adjusted gross income who files a return pursuant to section six hundred fifty-one of this article.

(iii) If the parents of an individual may claim such individual as a qualifying child but no parent so claims the individual, such individual may be claimed as the qualifying child of another taxpayer, but only if the federal adjusted gross income of such taxpayer is higher than the highest federal adjusted gross income of any parent of the individual,

regardless of a requirement to file a return pursuant to section six hundred fifty-one of this article.

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

(3) In the case of [~~a husband and wife~~] **spouses** who file a joint federal return, but who are required to determine their New York taxes separately, the credit allowed pursuant to this subsection may be applied against the tax imposed of either or divided between them as they may elect.

(4) (A) For tax year two thousand twenty-one, the commissioner shall issue a payment of a supplemental empire state child credit in the amount of (i) one hundred percent of the empire state child credit calculated and allowed pursuant to this subsection to taxpayers whose federal adjusted gross income was less than ten thousand dollars; (ii) seventy-five percent of the empire state child credit calculated and allowed pursuant to this subsection to taxpayers whose federal adjusted gross income was greater than or equal to ten thousand dollars but less than twenty-five thousand dollars; (iii) fifty percent of the empire state child credit calculated and allowed pursuant to this subsection to taxpayers whose federal adjusted gross income was greater than or equal to twenty-five thousand dollars but less than fifty thousand dollars; and (iv) twenty-five percent of the empire state child credit calculated and allowed pursuant to this subsection to taxpayers whose federal adjusted gross income was greater than or equal to fifty thousand dollars. Provided, however, that no payment shall be issued if it is less than twenty-five dollars.

(B) The supplemental payment pursuant to this paragraph will be allowed to taxpayers who timely filed returns pursuant to section six hundred fifty-one of this article, determined with regard to extensions pursuant to section [~~sex~~] **six** hundred fifty-seven of this article.

(5) (A) For tax year two thousand twenty-three, the commissioner shall issue a payment of a supplemental empire state child credit in the amount of (i) one hundred percent of the empire state child credit calculated and allowed pursuant to this subsection to taxpayers whose federal adjusted gross income was less than ten thousand dollars; (ii) seventy-five percent of the empire state child credit calculated and allowed pursuant to this subsection to taxpayers whose federal adjusted gross income was greater than or equal to ten thousand dollars but less than twenty-five thousand dollars; (iii) fifty percent of the empire state child credit calculated and allowed pursuant to this subsection to taxpayers whose federal adjusted gross income was greater than or equal to twenty-five thousand dollars but less than fifty thousand dollars; and (iv) twenty-five percent of the empire state child credit calculated and allowed pursuant to this subsection to taxpayers whose federal adjusted gross income was greater than or equal to fifty thousand dollars. Provided, however, that no payment shall be issued if it is less than twenty-five dollars.

(B) The supplemental payment pursuant to this paragraph shall be allowed to taxpayers who timely filed returns pursuant to section six hundred fifty-one of this article, determined with regard to extensions pursuant to section six hundred fifty-seven of this article.

§ 2. This act shall take effect immediately.