

STATE OF NEW YORK

9189--A

IN SENATE

February 12, 2026

Introduced by Sens. GONZALEZ, BRISPORT, CLEARE, JACKSON, LIU, RIVERA, SALAZAR, SANDERS -- read twice and ordered printed, and when printed to be committed to the Committee on Investigations and Government Operations -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend chapter 772 of the laws of 1966, relating to enabling any city having a population of one million or more to raise tax revenue; and to amend the administrative code of the city of New York, in relation to increasing tax rates imposed on unincorporated businesses and corporations in New York city for taxable years beginning on or after January first, two thousand twenty-six, upon adoption of a local law by the local legislative body of the city of New York

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

1 Section 1. Subdivision (a) of section 101 of section 2 of chapter 772
2 of the laws of 1966, relating to enabling any city having a population
3 of one million or more to raise tax revenue, is amended to read as
4 follows:

5 (a) General.--A tax at the rate of four percent is hereby imposed for
6 each taxable year, beginning with taxable years ending after January
7 first, nineteen hundred sixty-six, on the unincorporated business tax-
8 ble income of every unincorporated business wholly or partly carried on
9 within the city, provided that, for taxable years beginning on or after
10 January first, two thousand twenty-six, for any portion of such unincor-
11 porated business taxable income greater than five million dollars, such
12 tax for such portion shall be at a rate of four and four-tenths percent.
13 This tax shall be in addition to any other taxes imposed.

14 § 2. Subdivision (a) of section 11-503 of the administrative code of
15 the city of New York is amended to read as follows:

16 (a) General. A tax at the rate of four percent is hereby imposed for
17 each taxable year, beginning with taxable years ending after January
18 first, nineteen hundred sixty-six, on the unincorporated business tax-
19 ble income of every unincorporated business wholly or partly carried on
20 within the city, provided that, for taxable years beginning on or after

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

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1 January first, two thousand twenty-six, for any portion of such unincor-
2 porated business taxable income greater than five million dollars, such
3 tax for such portion shall be at a rate of four and four-tenths percent.

4 This tax shall be in addition to any other taxes imposed.

5 § 3. Clauses 1 and 3 of subparagraph (a) of paragraph E of subdivision
6 1 of section 11-604 of the administrative code of the city of New York,
7 as amended by chapter 345 of the laws of 2023, are amended to read as
8 follows:

9 (1) an amount computed, for taxable years beginning before nineteen
10 hundred eighty-seven, at the rate of nine per centum, [~~and~~] for taxable
11 years beginning after nineteen hundred eighty-six and before January
12 first, two thousand twenty-six, at the rate of eight and eighty-five
13 one-hundredths per centum, and for taxable years beginning on or after
14 January first, two thousand twenty-six, at the rate of ten and sixty-two
15 one-hundredths per centum, of its entire net income or the portion of
16 such entire net income allocated within the city as hereinafter
17 provided, subject to any modification required by paragraphs (d) and (e)
18 of subdivision three of this section,

19 (3) an amount computed, for taxable years beginning before nineteen
20 hundred eighty-seven, at the rate of nine per centum, [~~and~~] for taxable
21 years beginning after nineteen hundred eighty-six and before January
22 first, two thousand twenty-six, at the rate of eight and eighty-five
23 one-hundredths per centum, and for taxable years beginning on or after
24 January first, two thousand twenty-six, at the rate of ten and sixty-two
25 one-hundredths per centum, on thirty per centum of the taxpayer's entire
26 net income plus salaries and other compensation paid to the taxpayer's
27 elected or appointed officers and to every stockholder owning in excess
28 of five per centum of its issued capital stock minus fifteen thousand
29 dollars (subject to proration as hereinafter provided) and any net loss
30 for the reported year, or on the portion of any such sum allocated with-
31 in the city as hereinafter provided for the allocation of entire net
32 income, subject to any modification required by paragraphs (d) and (e)
33 of subdivision three of this section, provided, however, that for taxa-
34 ble years beginning on or after July first, nineteen hundred ninety-six,
35 the provisions of paragraph H of this subdivision shall apply for
36 purposes of the computation under this clause, or

37 § 4. The opening paragraph of subparagraph 2 of paragraph (a) of
38 subdivision 18 of section 11-604 of the administrative code of the city
39 of New York, as amended by chapter 128 of the laws of 1996, is amended
40 to read as follows:

41 The amount determined in this subparagraph is the product of (A) the
42 excess of (i) the tax computed under clause one of subparagraph (a) of
43 paragraph E of subdivision one of this section, without allowance of any
44 credits allowed by this section, over (ii) the tax so computed, deter-
45 mined as if the corporation had no such distributive share or guaranteed
46 payments with respect to the unincorporated business, and (B) a frac-
47 tion, the numerator of which is four and the denominator of which is
48 eight and eighty-five one hundredths, provided, however, that for a
49 taxable year beginning on or after January first, two thousand twenty-
50 six, such denominator shall be equal to ten and sixty-two one-hun-
51 dredths, and provided further that the amounts computed in clauses (i)
52 and (ii) of this subparagraph shall be computed with the following
53 modifications:

54 § 5. Subparagraph 1 of paragraph (b) of subdivision 18 of section
55 11-604 of the administrative code of the city of New York, as amended by
56 chapter 128 of the laws of 1996, is amended to read as follows:

1 (1) Notwithstanding anything to the contrary in paragraph (a) of this
2 subdivision, in the case of a corporation that, before the application
3 of this subdivision or any other credit allowed by this section, is
4 liable for the tax on entire net income under clause one of subparagraph
5 (a) of paragraph E of subdivision one of this section, the credit or the
6 sum of the credits that may be taken by such corporation for a taxable
7 year under this subdivision with respect to an unincorporated business
8 or unincorporated businesses in which it is a partner shall not exceed
9 the tax so computed, without allowance of any credits allowed by this
10 section, multiplied by a fraction the numerator of which is four and the
11 denominator of which is eight and eighty-five one hundredths, provided,
12 however, that for a taxable year beginning on or after January first,
13 two thousand twenty-six, such denominator shall be equal to ten and
14 sixty-two one-hundredths. If the credit allowed under this subdivision
15 or the sum of such credits exceeds the product of such tax and such
16 fraction, the amount of the excess may be carried forward, in order, to
17 each of the seven immediately succeeding taxable years and, to the
18 extent not previously taken, shall be allowed as a credit in each of
19 such years. In applying the provisions of the preceding sentence, the
20 credit determined for the taxable year under paragraph (a) of this
21 subdivision shall be taken before taking any credit carryforward pursu-
22 ant to this paragraph and the credit carryforward attributable to the
23 earliest taxable year shall be taken before taking a credit carryforward
24 attributable to a subsequent taxable year.

25 § 6. Subdivision (a) of section 11-643.5 of the administrative code of
26 the city of New York, as added by local law number 37 of the city of New
27 York for the year 1986, is amended to read as follows:

28 (a) Basic tax. Nine percent of the taxpayer's entire net income, or
29 the portion thereof allocated to the city, for the taxable year or part
30 thereof, provided that, for a taxable year beginning on or after January
31 first, two thousand twenty-six, or part thereof, such basic tax shall be
32 equal to ten and eight-tenths percent of the taxpayer's entire net
33 income, or the portion thereof allocated to the city.

34 § 7. The opening paragraph of paragraph 2 of subdivision (a) of
35 section 11-643.8 of the administrative code of the city of New York, as
36 amended by chapter 128 of the laws of 1996, is amended to read as
37 follows:

38 The amount determined in this paragraph is the product of (A) the
39 excess of (i) the basic tax computed pursuant to subdivision (a) of
40 section 11-643.5 of this part, without allowance of any credits allowed
41 by this part, over (ii) the basic tax so computed, determined as if the
42 banking corporation had no such distributive share or guaranteed
43 payments with respect to the unincorporated business, and (B) a frac-
44 tion, the numerator of which is four and the denominator of which is
45 nine, provided, however, that for a taxable year beginning on or after
46 January first, two thousand twenty-six, such denominator shall be equal
47 to ten and eight-tenths, and provided further that the amounts computed
48 in clauses (i) and (ii) of this paragraph shall be computed with the
49 following modifications:

50 § 8. Paragraph 1 of subdivision (b) of section 11-643.8 of the admin-
51 istrative code of the city of New York, as amended by chapter 128 of the
52 laws of 1996, is amended to read as follows:

53 (1) Notwithstanding anything to the contrary in subdivision (a) of
54 this section, in the case of a banking corporation that, before the
55 application of this section or any other credit allowed by this part, is
56 liable for the basic tax computed under subdivision (a) of section

1 11-643.5 of this part, the credit or the sum of the credits that may be
2 taken by such banking corporation for a taxable year under this section
3 with respect to an unincorporated business or unincorporated businesses
4 in which it is a partner shall not exceed the tax so computed, without
5 allowance of any credits allowed by this part, multiplied by a fraction
6 the numerator of which is four and the denominator of which is nine,
7 provided, however, that for a taxable year beginning on or after January
8 first, two thousand twenty-six, such denominator shall be equal to ten
9 and eight-tenths. If the credit allowed under this subdivision or the
10 sum of such credits exceeds the product of such tax and such fraction,
11 the amount of the excess may be carried forward, in order, to each of
12 the seven immediately succeeding taxable years and, to the extent not
13 previously taken, shall be allowed as a credit in each of such years. In
14 applying the provisions of the preceding sentence, the credit determined
15 for the taxable year under subdivision (a) of this section shall be
16 taken before taking any credit carryforward pursuant to this paragraph
17 and the credit carryforward attributable to the earliest taxable year
18 shall be taken before taking a credit carryforward attributable to a
19 subsequent taxable year.

20 § 9. Clause (i) of subparagraph 1 of paragraph (e) of subdivision 1 of
21 section 11-654 of the administrative code of the city of New York, as
22 added by section 1 of part D of chapter 60 of the laws of 2015, is
23 amended to read as follows:

24 (i) an amount computed on its business income or the portion of such
25 business income allocated within the city as hereinafter provided,
26 subject to the application of paragraphs (j) and (k) of this subdivision
27 and any modification required by paragraphs (d) and (e) of subdivision
28 three of this section, at the rate of (1) for a taxable year beginning
29 before January first, two thousand twenty-six, nine per centum for
30 financial corporations, as defined in this clause, and for a taxable
31 year beginning on or after January first, two thousand twenty-six, ten
32 and eight-tenths per centum for financial corporations, or (2) for a
33 taxable year beginning before January first, two thousand twenty-six,
34 eight and eighty-five one hundredths per centum for all other corpo-
35 rations, and for a taxable year beginning on or after January first, two
36 thousand twenty-six, ten and sixty-two one-hundredths per centum for all
37 other corporations. For purposes of this clause, "financial corporation"
38 means a corporation or, if the corporation is included in a combined
39 group, a combined group, that (A) has total assets reflected on its
40 balance sheet at the end of its taxable year in excess of one hundred
41 billion dollars, computed under generally accepted accounting principles
42 and (B)(I) allocates more than fifty percent of the receipts included in
43 the denominator of its receipts fraction, determined under section
44 11-654.2 of this subchapter, pursuant to subdivision five of section
45 11-654.2 of this subchapter for its taxable year, or (II) is itself or
46 is included in a combined group in which more than fifty percent of the
47 total assets reflected on its balance sheet at the end of its taxable
48 year are held by one or more corporations that are classified as (a)
49 registered under state law as a bank holding company or registered under
50 the Federal Bank Holding Company Act of 1956 (12 U.S.C. § 1841, et seq.,
51 as amended), or registered as a savings and loan holding company under
52 the Federal National Housing Act (12 U.S.C. 1701, as amended), (b) a
53 national bank organized and existing as a national bank association
54 pursuant to the provisions of the National Bank Act, 12 U.S.C. 21 et
55 seq., (c) a savings association or federal savings bank as defined in
56 the Federal Deposit Insurance Act, 12 U.S.C. § 1813(b)(1), (d) a bank,

1 savings association, or thrift institution incorporated or organized
2 under the laws of any state, (e) a corporation organized under the
3 provisions of 12 U.S.C. §§ 611 to 631, (f) an agency or branch or a
4 foreign depository as defined in 12 U.S.C. § 3101, (g) a registered
5 securities or commodities broker or dealer registered as such by the
6 securities and exchange commission or the commodities futures trading
7 commission, which shall include an OTC derivatives dealer as defined
8 under regulations of the securities and exchange commission at title 17,
9 part 240, section 3b-12 of the code of federal regulations (17 CFR
10 240.3b-12), or (h) any corporation whose voting stock is more than fifty
11 percent owned, directly or indirectly, by any person or business entity
12 described in subitems (a) through (g) of this item, other than an insur-
13 ance company taxable under article thirty-three of the tax law; or

14 § 10. Subparagraphs 2 and 3 of paragraph (j) of subdivision 1 of
15 section 11-654 of the administrative code of the city of New York, as
16 added by section 1 of part D of chapter 60 of the laws of 2015, are
17 amended to read as follows:

18 (2) Subject to subparagraph three of this paragraph, if the amount of
19 business income allocated within the city as hereinafter provided is one
20 million dollars or greater but less than one million five hundred thou-
21 sand dollars, the amount computed in clause (i) of subparagraph one of
22 paragraph (e) of this subdivision shall be at the rate of (i) six and
23 five-tenths per centum, plus (ii) [~~two and thirty-five one-hundredths~~
24 ~~per centum~~] a general scaling factor multiplied by a fraction the numer-
25 ator of which is allocated business income less one million dollars and
26 the denominator of which is five hundred thousand dollars, of the amount
27 of business income allocated within the city as hereinafter provided,
28 subject to any modification required by paragraphs (d) and (e) of subdi-
29 vision three of this section;

30 (3) Provided, however, notwithstanding anything to the contrary, if
31 the amount of business income before allocation is two million dollars
32 or greater but less than three million dollars, the rate of tax provided
33 for in this paragraph shall not be less than (i) six and five-tenths per
34 centum, plus (ii) [~~two and thirty-five one-hundredths per centum~~] a
35 general scaling factor multiplied by a fraction the numerator of which
36 is business income before allocation less two million dollars and the
37 denominator of which is one million dollars, and provided, however,
38 notwithstanding anything to the contrary, if the amount of business
39 income before allocation is three million dollars or greater, the rate
40 of tax shall be eight and eighty-five one-hundredths per centum for a
41 taxable year beginning before January first, two thousand twenty-six,
42 and ten and sixty-two one-hundredths per centum for a taxable year
43 beginning on or after January first, two thousand twenty-six, or, in the
44 case of a financial corporation, as defined in clause (i) of subpara-
45 graph one of paragraph (e) of this subdivision [~~one of section 11-654~~],
46 if the amount of business income before allocation is three million
47 dollars or greater the rate of tax shall be nine per centum for a taxa-
48 ble year beginning before January first, two thousand twenty-six, and
49 ten and eight-tenths per centum for a taxable year beginning on or after
50 January first, two thousand twenty-six. For the purposes of this subpar-
51 agraph and subparagraph two of this paragraph, the term "general scaling
52 factor" means a value equal to two and thirty-five one-hundredths per
53 centum for a taxable year beginning before January first, two thousand
54 twenty-six, or a value equal to four and twelve one-hundredths per
55 centum for a taxable year beginning on or after January first, two thou-
56 sand twenty-six.

1 § 11. Subparagraphs 2 and 3 of paragraph (k) of subdivision 1 of
2 section 11-654 of the administrative code of the city of New York, as
3 added by section 1 of part D of chapter 60 of the laws of 2015, are
4 amended to read as follows:

5 (2) Subject to subparagraph three of this paragraph for qualified New
6 York manufacturing corporations as defined in subparagraph four of this
7 paragraph, if the amount of business income allocated within the city as
8 hereinafter provided is ten million dollars or greater but less than
9 twenty million dollars, the amount computed in clause (i) of subpara-
10 graph one of paragraph (e) of this subdivision shall be at the rate of
11 (i) four and four hundred twenty-five one-thousandths per centum, plus
12 (ii) [~~four and four hundred twenty-five one-thousandths per centum~~] a
13 manufacturing scaling factor multiplied by a fraction the numerator of
14 which is allocated business income less ten million dollars and the
15 denominator of which is ten million dollars, of its business income or
16 the portion of such business income allocated within the city as herein-
17 after provided, subject to any modification required by paragraphs (d)
18 and (e) of subdivision three of this section;

19 (3) Notwithstanding anything to the contrary, if the amount of busi-
20 ness income before allocation is twenty million dollars or greater but
21 less than forty million dollars, the rate of tax provided for in this
22 paragraph shall not be less than (i) four and four hundred twenty-five
23 one thousandths percentum, plus (ii) [~~four and four hundred twenty-five~~
24 ~~one thousandths percentum~~] a manufacturing scaling factor multiplied by
25 a fraction the numerator of which is business income before allocation
26 less twenty million dollars and the denominator of which is twenty
27 million dollars, and provided, however, notwithstanding anything to the
28 contrary, if the amount of business income before allocation is forty
29 million dollars or greater, the rate of tax shall be eight and eighty-
30 five one-hundredths per centum for a taxable year beginning before Janu-
31 ary first, two thousand twenty-six, and ten and sixty-two one-hundredths
32 per centum for a taxable year beginning on or after January first, two
33 thousand twenty-six. For the purposes of this subparagraph and subpara-
34 graph two of this paragraph, the term "manufacturing scaling factor"
35 means a value equal to four and four hundred twenty-five one-thousandths
36 per centum for a taxable year beginning before January first, two thou-
37 sand twenty-six, or a value equal to six and one hundred ninety-five
38 one-thousandths per centum for a taxable year beginning on or after
39 January first, two thousand twenty-six.

40 § 12. The opening paragraph of subparagraph 2 of paragraph (a) of
41 subdivision 18 of section 11-654 of the administrative code of the city
42 of New York, as amended by section 12 of part P of chapter 60 of the
43 laws of 2016, is amended to read as follows:

44 The amount determined in this subparagraph is the product of (i) the
45 excess of (A) the tax computed under clause (i) of subparagraph one of
46 paragraph (e) of subdivision one of this section, without allowance of
47 any credits allowed by this section, over (B) the tax so computed,
48 determined as if the corporation had no such distributive share or guar-
49 anteed payments with respect to the unincorporated business, and (ii) a
50 fraction, the numerator of which is four and the denominator of which,
51 for a taxable year beginning before January first, two thousand twenty-
52 six, is eight and eighty-five one hundredths, provided that, for a taxa-
53 ble year beginning on or after January first, two thousand twenty-six,
54 such denominator is ten and sixty-two one-hundredths, [except] and
55 provided further that in the case of a financial corporation as defined
56 in clause (i) of subparagraph one of paragraph (e) of subdivision one of

1 this section, for a taxable year beginning before January first, two
2 thousand twenty-six, such denominator is nine, and for a taxable year
3 beginning on or after January first, two thousand twenty-six, such
4 denominator is ten and eight-tenths, and provided further that in the
5 case of a taxpayer that is subject to paragraph (j) or (k) of subdivi-
6 sion one of this section, such denominator shall be the rate of tax as
7 determined by such paragraph (j) or (k) for the taxable year; provided
8 that the amounts computed in subclauses (A) and (B) of clause (i) of
9 this subparagraph shall be computed with the following modifications:

10 § 13. Subparagraph 1 of paragraph (b) of subdivision 18 of section
11 11-654 of the administrative code of the city of New York, as amended by
12 section 13 of part P of chapter 60 of the laws of 2016, is amended to
13 read as follows:

14 (1) Notwithstanding anything to the contrary in paragraph (a) of this
15 subdivision, in the case of a corporation that, before the application
16 of this subdivision or any other credit allowed by this section, is
17 liable for the tax on business income under clause (i) of subparagraph
18 one of paragraph (e) of subdivision one of this section, the credit or
19 the sum of the credits that may be taken by such corporation for a taxa-
20 ble year under this subdivision with respect to an unincorporated busi-
21 ness or unincorporated businesses in which it is a partner shall not
22 exceed the tax so computed, without allowance of any credits allowed by
23 this section, multiplied by a fraction the numerator of which is four
24 and the denominator of which is eight and eighty-five one-hundredths,
25 provided that, for a taxable year beginning on or after January first,
26 two thousand twenty-six, such denominator shall be equal to ten and
27 sixty-two one-hundredths, [except] and provided further that in the case
28 of a financial corporation as defined in clause (i) of subparagraph one
29 of paragraph (e) of subdivision one of this section, such denominator,
30 for a taxable year beginning before January first, two thousand twenty-
31 six, is nine, and, for a taxable year beginning on or after January
32 first, two thousand twenty-six, is ten and eight-tenths, and provided
33 further that in the case of a taxpayer that is subject to paragraph (j)
34 or (k) of subdivision one of this section, such denominator shall be the
35 rate of tax as determined by such paragraph (j) or (k) for the taxable
36 year. If the credit allowed under this subdivision or the sum of such
37 credits exceeds the product of such tax and such fraction, the amount of
38 the excess may be carried forward, in order, to each of the seven imme-
39 diately succeeding taxable years and, to the extent not previously
40 taken, shall be allowed as a credit in each of such years. In applying
41 the provisions of the preceding sentence, the credit determined for the
42 taxable year under paragraph (a) of this subdivision shall be taken
43 before taking any credit carryforward pursuant to this paragraph and the
44 credit carryforward attributable to the earliest taxable year shall be
45 taken before taking a credit carryforward attributable to a subsequent
46 taxable year.

47 § 14. The local legislative body of the city of New York is hereby
48 authorized and empowered to ratify and approve by local law the amend-
49 ments set forth in sections two through thirteen of this act, provided
50 that: (i) where such local legislative body ratifies and approves the
51 amendments set forth in section three, four, or five of this act, such
52 local legislative body shall ratify and approve the amendments set forth
53 in all of such sections three, four, and five of this act; (ii) where
54 such local legislative body ratifies and approves the amendments set
55 forth in section six, seven, or eight of this act, such local legisla-
56 tive body shall ratify and approve the amendments set forth in all of

1 such sections six, seven, and eight of this act; and (iii) where such
2 local legislative body ratifies and approves the amendments set forth in
3 section nine, ten, eleven, twelve, or thirteen of this act, such local
4 legislative body shall ratify and approve the amendments set forth in
5 all of such sections nine, ten, eleven, twelve, and thirteen of this
6 act.

7 § 15. This act shall take effect immediately, except that sections two
8 through thirteen of this act shall take effect only upon enactment of a
9 local law of the city of New York as described in section fourteen of
10 this act and shall be deemed to have been in full force and effect as of
11 January 1, 2026 and apply to taxable years beginning on or after such
12 date, provided that, where the local legislative body of the city of New
13 York does not ratify and approve the amendments set forth in one or more
14 of such sections, the amendments set forth in such sections shall not
15 take effect. The city of New York shall notify the legislative bill
16 drafting commission upon enactment of such local law as described in
17 section fourteen of this act in order that the commission may maintain
18 an accurate and timely effective data base of the official text of the
19 laws of the state of New York in furtherance of effectuating the
20 provisions of section 44 of the legislative law and section 70-b of the
21 public officers law.