

Yesterday the New York State Legislature gave final passage to the remaining FY 2027 New York State Budget bills, nearly two months after the April 1 deadline, and the latest state budget in 16 years. The approximately \$268 billion budget includes several of Gov. Hochul's priorities including reforms to lower auto insurance, addressing the rise in utility bills, comprehensive immigration protections, pension enhancements for the public workforce and a pied-a-terre tax program for New York City.

As a result of New York State's late budget, the end of session timeline will be especially condensed, with the last scheduled session day on June 4.

Key elements of the Enacted Budget include:

Revenue

Workforce, Labor & Public Protection

Energy, Environment & Telecommunications

Procurement & Banking

Transportation & Insurance

Revenue

Enhance and Reform the Child and Dependent Care Credit (REV, Part A)

The Enacted Budget decouples the current Child and Dependent Care credit from the federal tax code and create a standalone New York child and dependent care credit. The state refundable credit would simplify the benefit calculation, enhance the amount of the benefit, and make the credit fully progressive. The final Enacted Budget proposal is slightly modified to reduce the credit by \$20 for each \$1,000 over which adjusted gross income exceeds \$750,000.

Eliminate Income Taxes on Tipped Wages (REV, Part B)

The Enacted Budget excludes up to \$25,000 of qualified tips for single filers earning up to \$150,000 and joint filers earning up to \$300,000 from New York State income tax to the extent a federal deduction is allowed pursuant to Internal Revenue Code (IRC) §224.

Retain Deductibility of Certain Charitable Contributions (REV, Part C)

The Enacted Budget retains the deductibility of charitable contributions as a New York itemized deduction for individual contributions to entities that lose their Internal Revenue Code (IRC) §501(c)(3) federal tax-exempt status, so long as the organization establishes that the revocation was unrelated to the organization's charitable mission and that it continues to meet the statutory requirements of paragraph three of subsection (c) of section five hundred one of the internal revenue code and the regulations and authorities promulgated thereunder.

Standardize the Definition of Farmer for Certain Tax Credits (REV, Part D)

The Enacted Budget creates a uniform definition of “eligible farmer” across multiple farm related tax credits. The proposal would simplify the definition of “eligible farmer” for purposes of the Agricultural Property Tax Credit under Tax Law §§ 210-B(11) and 606(n) and cross-reference the new definition in the following farm-related credits:

- Farm workforce retention credit (Tax Law § 42);
- Farm employer overtime credit (Tax Law § 42-a); and
- Credit for farm donations to food pantries (Tax Law §§ 210-B[52] and 606(n2)).

Extend the Temporary Article 9-A Tax Rates for Three Years (REV, Part E)

The Enacted Budget extends the current 7.25 percent business income tax rate for three years, through tax year 2029, for taxpayers with a business income base over \$5 million. This bill would also extend the current 0.1875 percent capital base tax rate for three years, through tax year 2029.

Decouple from Certain H.R.1 Provisions (REV, Part F)

The Enacted Budget decouples from certain provisions of H.R.1 of 2025. The proposal preserves the State’s current treatment of depreciation for qualified production property and decouples from certain federal changes to deductions for research and experimental expenditures.

H.R. 1 amended the Internal Revenue Code (“IRC”) to allow for a special depreciation allowance for qualified production property that would permit taxpayers to immediately deduct 100% of the cost of qualified production property in the year the property is placed in service in taxable years beginning on or after January 1, 2025. This proposal would limit taxpayers to the standard depreciation deductions for qualified production property that were in place prior to the enactment of H.R. 1.

H.R. 1 also amended the IRC to allow taxpayers to elect to deduct 100% of domestic R&E expenditures in the taxable year the expenditures were made, for taxable years beginning on or after January 1, 2025. Taxpayers who do not make the election are permitted to deduct domestic R&E expenditures over a 5-year period. In addition, H.R. 1 allows taxpayers “catch up” by deducting the remaining amount of domestic R&E expenditures paid or incurred in years prior to January 1, 2025. Permitting taxpayers to deduct domestic R&E expenditures incurred prior to January 1, 2025, and to immediately deduct 100% of such expenditures going forward, would result in a substantial loss of tax revenue to New York State.

The IRC sets forth separate deduction rules for domestic and foreign R&E expenditures. IRC §174A allows domestic R&E expenditures to be deducted in full in the year of the expenditure; an election can be made to deduct domestic R&E expenditures over a 5- year period. Foreign R&E expenditures must be deducted over a 15-year period. This bill would decouple the State

from the IRC's accelerated deductions for pre-2025 domestic R&E expenditures and the ability to immediately deduct domestic R&E expenditures in the year incurred. Further, the bill would align the State's treatment of domestic and foreign R&E expenditures for tax years beginning on or after January 1, 2025. All qualifying R&E expenditures, domestic and foreign, would be deductible over the same 5-year period.

Decouple NYC from Certain H.R.1 Provisions (REV, Part G)

The Enacted Budget preserves the City's current treatment of depreciation for qualified production property, business interest expenses, expensing of depreciable business assets, and decouples from certain changes to deductions for domestic research and experimental ("R&E") expenditures.

H.R. 1 amended the Internal Revenue Code ("IRC") to allow for a special depreciation allowance for qualified production property that would permit taxpayers to immediately deduct 100% of the cost of qualified production property in the year the property is placed in service in taxable years beginning on or after January 1, 2025. This proposal would limit taxpayers to the standard depreciation deductions that were in place prior to the enactment of H.R. 1.

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H.R. 1 amended the IRC to allow taxpayers to compute adjusted taxable income (ATI) by calculating it without regard to depreciation, amortization, or depletion. This proposal would require taxpayers to compute ATI with regard to depreciation, amortization, and depletion as was in place prior to the enactment of H.R. 1

H.R. 1 also amended the IRC to raise the deduction limit to \$2.5 million and the phaseout threshold to \$4 million in 2025 for expensing the full purchase price of qualifying equipment and/or software purchased during the tax year. This deduction fully phases out once total purchases reach \$6.5 million. These limits are indexed to inflation, and prior to the H.R. 1 changes, tax year 2025 limits were scheduled to be a deduction limit of \$1.25 million and the phase-out threshold to \$3.13 million, with the deduction fully phased out at \$4.38 million. This proposal would limit taxpayers to deduction limits that were in place prior to the enactment of H.R. 1.

Extend the Commercial Security Tax Credit for Three Years (REV, Part I)

The Enacted Budget extends the commercial security tax credit for three years through tax year 2028. The commercial security tax credit provides a tax credit to qualified businesses who incur qualified retail theft prevention expenses. Qualified businesses that meet the commercial security tax credit eligibility requirements and apply for the credit by October 31 may be eligible to claim a tax credit equal to \$3,000 for each New York retail location. Businesses that have between 26 and 50 total employees statewide must exceed \$6,000 in retail theft prevention expenses per location, while businesses with 25 or fewer employees must spend more than \$4,000 in retail theft prevention expenses per location.

Enhance the New York City Musical and Theatrical Production Tax Credit (REV, Part J)

This Enacted Budget increases the amount available under the New York City Musical and Theatrical Production Tax Credit program for qualified productions whose initial performances occurred on or after December 1, 2025, by \$150 million. The credit allows eligible production companies taxable under Tax Law Articles 9-A and 22 to claim a refundable credit up to 25 percent of qualified production costs.

Impose Tax on Alternative Nicotine Products (REV, Part K)

The Enacted Budget expands the tobacco products excise tax to include alternative nicotine products, which would include any noncombustible product, other than vapor products, which contain nicotine, but not tobacco, and are intended for human consumption. Classifying alternative nicotine products as tobacco products within the meaning of the Tax Law would integrate these products into the State's tax administration and enforcement mechanisms. Accordingly, enactment of this bill would align the tax treatment of alternative nicotine products with the tax laws currently in place for tobacco products.

Extend Reduced Transfer Tax Rates for Qualifying Real Estate Investment Trusts for Three Years (REV, Part M)

The Enacted Budget extends the tax rate reduction for conveyances of real property to existing Real Estate Investment Trusts (REITs) through September 1, 2029.

Modify the Vendor Registration Program (REV, Part N)

The Enacted Budget creates a four-year Certificate of Authority (COA) re-registration program for sales tax vendors to be completed by December 31, 2030, and provides incentives to encourage delinquent taxpayers to settle fixed and final debt prior to re-registration. As part of the reregistration program, the Commissioner of Taxation and Finance would determine the order in which current sales tax vendors must re-register. All vendors would be required to pay fixed and final debts in full prior to obtaining a new COA. The Department of Taxation and Finance would apply a discount that fully eliminates the associated penalties and partially reduces the associated interest in half for all vendors who pay in full by December 31, 2026, in order to incentivize compliance.

Extend the Sales and Use Tax Vending Machine Exemption for Three Years (REV, Part P)

The Enacted Budget extends the existing sales tax exemption for certain food and drink purchased from a vending machine for three years, through May 31, 2029.

Extend the Residential Energy Storage Exemption for Two Years (REV, Part Q)

The Enacted Budget extends the residential energy storage sales tax exemptions until June 1, 2028. This extender would apply to both receipts from the retail sale of residential energy storage systems equipment and the service of installing these systems from sales and use taxes, as well as receipts from the sale of electricity generated by such systems from sales and use taxes when the equipment is installed on the purchaser's residential property but is owned by someone other than the purchaser of the electricity.

Amend the Petroleum Business Tax Filing Deadline for Commercial Vessel Operators (REV, Part R)

The Enacted Budget amends the filing deadline (from monthly to annual) for the remaining commercial vessel operators who are still subject to the PBT in order to simplify and reduce both their reporting obligations and administrative burden.

Extend the Alternative Fuels Exemption for Five Years (REV, Part S)

The Enacted Budget extends the alternative fuel tax exemptions (SUT/MFT/PBT) for fuel types E-85, CNG and hydrogen, and the partial exemption for B-20, until September 1, 2031. Currently E-85, CNG, and hydrogen are fully exempt, and B20 is partially exempt, from motor fuel taxes, petroleum business taxes, fuel use taxes and State and local sales and compensating use taxes.

Expanding the Rent Increase Exemption for Senior Citizens and Persons with Disabilities (REV, Part V)

Subpart A

The Enacted Budget increases the income eligibility limits for the Senior Citizen Rent Increase Exemption (SCRIE) and Disability Rent Increase Exemption (DRIE) programs from \$50,000 to \$75,000 in New York City. This applies to both rent increase exemptions/abatements for rent-regulated apartments (Sections 467-b and 467-c) effective July 1, 2026, and to broader property tax exemptions for owner-occupied homes (Sections 467 and 459-c) effective July 1, 2027. Local governments retain the ability to set lower limits via local law. The subpart also extends the expiration date of the senior and disability rent increase exemption programs from June 30, 2026, to June 30, 2028, and includes minor technical clarifications on eligibility and gender-neutral language.

Subpart B

Subpart B mandates clearer, more proactive notices to tenants about their potential eligibility for Senior citizen and disability rent increase exemption programs. It adds requirements for landlords, the state Division of Housing and Community Renewal (DHCR), and certain housing companies to provide standardized notices at certain key moments, like with new/renewal leases, annual registrations, major capital improvement rent adjustments, and maximum base rent increases. These notices must prominently display eligibility criteria and contact information.

Excluding Distributions Due to Certain Federal Elections from Personal Income Tax (NEW REV, Part AA)

The Enacted Budget includes a new rule to the state tax law (Section 612) that takes effect for 2026 and later tax years. Under federal tax rules, individuals who own shares in foreign companies (often through their business or investments) can sometimes elect special treatment—called a Section 962 election—to pay tax on certain foreign earnings at a lower corporate-like rate and claim foreign tax credits. When the foreign company later sends money back to the owner as a distribution, federal tax law requires that some or all of that distribution be included again in the person’s taxable income. This can result in the same earnings being taxed twice at the federal level (once when earned and again when distributed). This new provision allows residents to subtract this federally taxable distribution amount when calculating their New York taxable income.

Enhance the Farm Donation Tax Credit –(NEW REV, Part BB)

The Enacted Budget enhances the current tax credit for donations to food pantries made by farmers, by increasing the amount of the credit from 25%, to 50%, of the market value of the food donated. Additionally, the proposal would increase the maximum tax credit allowed from \$5,000 to \$20,000.

Authorizes Students to Donate Unused Meal Funds (NEW REV, Part CC)

The Enacted Budget includes chapter amendment language to Chapter 678 of 2025 resolving a tax related issue concerning the donation of unused meals, meal funds, meals, or meal points to other students enrolled at such college or university who are facing food insecurity.

Property Tax Exemption for Certain Disabled Veterans (NEW REV, Part EE)

The Enacted Budget expands and simplifies the optional full property tax exemption available for the primary residence of seriously disabled veterans. Local governments (counties, cities, towns, villages, or school districts) may now adopt a local law or resolution granting a full exemption from taxation, special district charges, assessments, and special ad valorem levies for qualifying veterans. To be eligible, a veteran must meet the general requirements of the section plus two additional criteria: (a) proper service and discharge status, which includes honorable discharge from active military, naval, space, or air service (including certain National Guard service under federal orders), or a qualifying condition with a discharge other than bad conduct or dishonorable, or discharged LGBT veteran status with a similar non-bad-conduct/dishonorable discharge; and (b) being considered by the U.S. Department of Veterans Affairs as permanently and totally disabled as a result of military service, as documented by an official VA letter, form, or other document. The Enacted Budget streamlines the eligibility criteria by repealing current requirements such as a 100% disability rating, individual unemployability status, or receipt of specific pecuniary assistance for housing modifications. It also clarifies that the taxable assessed value cannot be reduced below zero and preserves any existing exemptions under subdivision 3 of section 458. Adopting localities must notify the New York State Department of Veterans' Services within 30 days (though failure to do so does not invalidate the local law), and the Department will maintain a public list of participating jurisdictions. The changes take effect immediately and apply to assessment rolls based on taxable status dates on or after October 1, 2026.

Protecting Our Wallets Energy Rebate (P.O.W.E.R.) Credit (NEW REV, Part FF)

The Enacted Budget establishes the POWER credit program that would provide a one-time tax credit for tax year 2026. Eligible New York full-year residents who timely filed their 2024 state income tax return (with extensions) and were not claimed as a dependent on someone else's 2024 return can receive the credit. Eligibility is based on 2024 New York Adjusted Gross Income (NY AGI):

- Married filing jointly or qualified surviving spouse: \$300,000 or less.
- Single, married filing separately, or head of household: \$150,000 or less.

Credit amounts (paid as an advance refund):

- Joint filers / qualified surviving spouse with 2024 NY AGI \leq \$150,000: \$200
- Joint filers / qualified surviving spouse with 2024 NY AGI between \$150,001 and \$300,000: \$150
- Single / separate / head of household filers with 2024 NY AGI \leq \$150,000: \$100

The state will automatically determine eligibility using 2024 tax return data and issue advance payments. The credit is treated as an overpayment of tax and will be refunded (without interest). Taxpayers who believe they were eligible but did not receive the proper amount (or any payment) can claim it through a process set by the commissioner.

Pied-a-Terre for NYC (NEW REV, Part HH)

The Enacted Budget authorizes a New York City pied-à-terre tax (a surcharge on properties that do not serve as a primary residence) takes effect for fiscal years beginning July 1, 2026, and sunsets on June 30, 2031. It imposes an additional annual surcharge on high-value non-primary residences in addition to regular property taxes. The surcharge primarily targets Class 1 properties (mostly 1-3 family homes, excluding vacant land) valued at \$5 million or more and residential condominium and cooperative units. For fiscal years 2027–2028 (Phase 1), the thresholds are \$5 million+ for Class 1 properties and \$1 million+ for individual condominium or co-op units (using imputed values for co-ops based on the building's market value and share allocation). Starting in fiscal year 2029 (Phase 2), the threshold rises to \$5 million+ across the board, with Phase 2 using more market-oriented valuation methods for condominiums and co-ops that disregard certain rent-regulation or other restrictions.

Surcharge rates are tiered by value:

- Class 1 properties:
 - 0.8% on \$5–15 million;
 - 1.05% on \$15–25 million; and
 - 1.3% above \$25 million.
- Condominiums and co-op units (Phase 1 only):
 - 4.0% on \$1–3 million;
 - 5.25% on \$3–5 million; and
 - 6.5% above \$5 million.
- Condominiums and co-op units (Phase 2 onward):
 - 0.8% on \$5–15 million;
 - 1.05% on \$15–25 million; and
 - 1.3% above \$25 million.

A property (or co-op unit) qualifies as a primary residence if, as of the relevant taxable status date, it is occupied as the primary home by the covered owner (or their immediate family—spouse, child, sibling, parent, grandparent, or grandchild) or by qualified long-term (1+ year) arm's-length tenants/subtenants. The Department of Finance makes an initial determination annually using available data (e.g., tax returns, STAR exemptions, tax credits) and issues notices, giving owners an opportunity to submit proof. Owners can appeal both the market value and the primary-residence determination through administrative and judicial processes. The surcharge is

billed with property taxes (with a delayed due date for the first year), acts as a separate lien, and is not eligible for most abatements or exemptions. For co-ops, the building is billed for qualifying units and must collect from the relevant shareholders. The Department of Finance can share information with state tax authorities, issue penalties (up to 50% of the surcharge) for bad-faith or negligent misrepresentations and has audit authority.

Extends the Duration of Brownfield Redevelopment and Remediation Tax Credits (REV, Part JJ)

The Enacted Budget carves out targeted, site-specific exceptions to extend brownfield redevelopment tax credits (under Tax Law §§ 21 and 22) to five specific former industrial sites in New York that already completed their DEC brownfield cleanup programs years ago. For each of these sites — one in downtown Albany, one in Manhattan (Hudson Yards area), one in Ballston Spa (Saratoga County), one in Tonawanda (Erie County), and one in Rochester — the law qualifies them for:

- Site preparation and on-site groundwater remediation credits on eligible costs incurred before and for five years after placing qualified tangible property in service (as long as that occurs before 2031 or 2033, depending on the site).
- Tangible property credits for ten years.
- A ten-year benefit period for the remediated brownfield credit starting when the property is placed in service. It also allows new developers who purchase or receive the site (by the 2031/2033 deadline) from a prior certificate-of-completion holder to claim the credits.

Workforce, Labor & Public Protection

Workforce

Public Workforce Retirement Enhancements (TED, Part XX)

The Enacted Budget revises the benefit structure of Tier 5 and Tier 6 members in the New York State and Local Retirement System (NYSLRS). For Tier 6 members only, there is a reduction in employee contribution rates, effective October 1, 2026.

Wage Range Current Rate New Rate

Less than \$45,000	3.00%	3.00%
\$45,001 to \$55,000	3.50%	3.00%
\$55,001 to \$75,000	4.50%	3.00%
\$75,001 to \$100,000	5.75%	4.00%
\$100,001 to \$125,000	6.00%	5.25%
\$125,001 +	6.00%	5.75%

When determining an employee's contribution rate, overtime earnings will be excluded from

wages until the fiscal year beginning April 1, 2028. For ERS members, the overtime limit will increase to \$30,000 and will increase by 3% each year. The current limits are approximately \$24,000 for Tier 5 members and \$22,000 for Tier 6. For Police and Fire members, the overtime limit will increase to 25% of annual wages. The current limit is 15%. Teachers in the New York State and New York City retirement systems may retire without reduction of their retirement benefit at age 58 and completion of 30 or more years of service.

Amortization and Valuation Methods NYC Retirement System (TED, Part YY)

The Enacted Budget modifies the existing amortization schedule for the Unfunded Accrued Liabilities (UAL) of the New York City Retirement Systems and Pension Funds (NYCRS).

NYC Fire Service Retirement (TED, Part ZZ)

The Enacted Budget grants earlier Escalation eligibility for Tier 3 FIRE members who retire for service by allowing for Full Escalation at 23 years of service, and commencement of partial escalation for retirements with more than 20 years of service.

NYC First Grade Firefighter Promotions (TED, Part AAA)

The Enacted Budget increases the salary used for determining pension benefits for members who retire with at least 25 years of uniformed FIRE service.

Pension System Financial Health Reporting (TED, Part BBB)

The Enacted Budget requires that within a year, the State and NYC Comptrollers, the President of the Board of the New York State Teachers' Retirement System, submit reports to the Department of Financial Services (DFS) "regarding the financial health of the New York State and Local Retirement System to include:

- a summary of the current provisions underlying the common retirement fund
- the assumed rate of return used by the system
- an analysis of the stability and solvency of the common retirement fund
- the required level of annual employer and employee contributions to the fund
- the burden to employees and employers imposed by such contributions
- whether the common retirement fund is adequately funded to provide required benefits to retirees and current members

The reports will also include any specific recommendations for legislative and administrative correction that the authors deem necessary. Within 16 months, DFS will report the findings to the Governor and Legislature summarizing the information in the pension system self-reports.

Beneficiary Election of Lump Sum Death Benefits (TED, Part CCC)

The Enacted Budget modifies the in-service death benefit for retirement eligible members of the

New York State and Local Employees' Retirement System employed by the state of New York as correction officers and security hospital treatment assistants. The in-service death benefit will be the value of the pension reserve as if the member had retired on their date of death.

Retirement Benefit Enhancements (TED, Part DDD)

The Enacted Budget improves the benefits of (non-Trooper, forest rangers, environmental conservation police, state park police, university police officers) state police in the New York State and Local Police and Fire Retirement System (NYSLPFRS), covered under sections 383-e and 383-f of the retirement and social security law. This includes: a reduction in contributions, with Tier 5 members to an overall rate of 3.0%. Currently, all these members contribute at least 1.5% greater than other members in NYSLPFRS. This also allows benefit accruals to continue until attaining 35 years of service credit effective April 1, 2026. Currently, accruals cease at 32 years. Finally, this provision allows prior service as a state trooper under section 381-b to be creditable. Currently, this service is not creditable in 383-e and 383-f.

Prior Service NYC Police Pension Fund (TED, Part EEE)

The Enacted Budget provides eligible Tier 3 New York City Police Pension Fund (POLICE) members with credit for prior service as a correction officer, traffic enforcement agent, school safety agent, or police cadet that immediately precedes POLICE membership.

20-year Service Retirement NYC Corrections (TED, Part FFF)

The Enacted Budget reduces the Normal Retirement Age for NYCERS Tier 3 members of the Uniformed Sanitation Force and Uniformed Correction Force 22-Year Plans (i.e., Revised Plan members) to be the age at which a member completes or would have completed twenty years of service.

Labor Workers' Compensation Fraud (PPGG, Part W)

The Enacted Budget permits the Workers' Compensation Board (WCB) to assess and collect funding from businesses for grants to district attorneys' offices to establish and maintain dedicated workers' compensation fraud units. The amount will be determined by the chair but can be no greater than 0.4% of the total estimated statewide premium.

Beginning in 2028, the WCB must include in its annual report a summary of the funds distributed for this purpose, which must include the following for each district attorney's office:

- the amount of funds distributed
- a description of each resulting conviction, including:
 - the full name of the defendant
 - the date of conviction
 - a description of the offense

- the amount of money alleged to have been defrauded; and
- a description of any offenses other than workers' compensation fraud for which the defendant was simultaneously convicted
- the total number of and pertinent details contained in any charging instruments, which shall include only the amount of money alleged to have been defrauded and the workers' compensation fraud charges alleged, and can not include any personally identifying information of the charged individual or any other information that is not publicly available
- the number of new positions created, and persons hired for positions within dedicated workers' compensation fraud units

Public Protection

Three-Dimensional Guns and Printers (PPGG, Part C)

The Enacted Budget makes several changes under the penal law including new definitions:

"Convertible pistol" means any semi-automatic pistol with a cruciform trigger bar that can be readily altered by hand or with common household tools so that it can be converted into a machine-gun by the installation or attachment of a pistol converter. As used in this subdivision, "common household tools" means screwdrivers, pipe wrenches, pliers, hacksaws, crowbars, electric drills or rotary tools, hammers, chisels, files, and crescent wrenches. "Convertible pistol" does not include hammer-fired semi-automatic pistols or any striker-fired semi-automatic pistol lacking a cruciform trigger bar. A notch, tab, or other piece of material on a pistol frame is not sufficient to prevent ready alteration so that the pistol can be converted into a machine-gun by the installation or attachment of a pistol converter, and will not prevent such pistol from qualifying as a convertible pistol under this subdivision, if such notch, tab, or other piece of material can be readily removed with common household tools.

"Three-dimensional printer" means:

- any machine capable of rendering a three-dimensional object from a digital design file using additive manufacturing; or
- any machine capable of making three-dimensional modifications to an object from a digital design file using subtractive manufacturing.

"Digital firearm manufacturing code" means any digital instructions in the form of computer-aided design files or other code or instructions stored and displayed in electronic format as a digital model that may be used to program a three-dimensional printer or a computer numerical control (CNC) milling machine to manufacture or produce any firearm, rifle, shotgun, ghost gun, unfinished frame or receiver, firearm silencer, rapid-fire modification device or major component of a firearm.

"Cruciform trigger bar" means a component in a semi-automatic pistol that serves as a linkage between the trigger and the firing pin and has its sear incorporated in a cross-shaped surface.

Starting May 31, 2027, firearm dealers are guilty of a Class D felony for the sale, transfer, disposal, transport or ship of a convertible pistol.

It will be a Class A misdemeanor for the sale, transfer, distribution, disposal of a digital firearm manufacturing code to anyone other than a valid gunsmith.

Anyone possessing digital firearm manufacturing codes with the intent to illegally manufacture or distribute will be guilty of a class A misdemeanor.

The Enacted Budget also defines "three-dimensional printers" and places restrictions on certain types of technology.

There is also the creation of a working group (including NYSP) related to recommendations regarding the minimum safety standards and a three-dimensional printer's blocking technology.

The Enacted Budget requires the NYSP division to "be authorized to create and maintain a library of firearms blueprint files and illegal firearm parts blueprint files, and maintain and update the library, including by adding new files that enable the three-dimensional printing of firearms or illegal firearm parts and including scans of seized firearms. In furtherance of this authorization, the division may designate another government agency or an academic or research institution in this state to assist with the creation and maintenance of the file library. The library will be made available to three-dimensional printer manufacturers, vendors with demonstrated expertise in software development, or experts in computational design or public safety, for the development or improvement of blocking technology and firearm blueprint detection algorithms. The division shall establish safeguards to prevent unauthorized access to and misuse of the library and shall prohibit all persons who are granted access to the library from misusing, selling, disseminating, or otherwise publishing its contents."

Establishing a Comprehensive Drone Plan (PPGG, Part D)

The Enacted Budget establishes the unlawful use of a drone in New York State and allows police officers acting within such peace officer's geographical jurisdiction, to take reasonable and necessary mitigation measures against a credible threat that a drone poses to the safety or security of people and/or prohibited spaces. This also requires the NYSP to promulgate rules and regulations for drone mitigation by police officers and peace officers. The superintendent will also establish a registry known as "the New York state blue list," which will include vetted and approved vendors that comply with applicable federal requirements.

Extend Orders of Protection (PPGG, Part H)

The Enacted Budget requires the extension of temporary orders of protection in instances where a defendant fails to appear in court. Under current law, courts are authorized, but not required, to extend such orders.

State Police Critical Incident Leave Policy (PPGG, Part AA)

The Enacted Budget requires the superintendent of the state police to develop, maintain, and disseminate to all members of the division of state police a critical incident paid leave policy that provides for paid critical incident leave.

Critical incident is defined as: (i) an action that directly causes serious physical injury or death to another person or member; (ii) a discharge of a firearm by a member directed at another person; (iii) a traffic accident or incident involving a division vehicle, aircraft, or vessel that results in serious physical injury or death; or (iv) any other incident deemed appropriate by the superintendent or their designee.

Serious physical injury is defined as: an injury that, based on the facts and circumstances reasonably known at the time of the incident, appears to involve a substantial risk of death or an obvious and severe impairment of a major bodily function, such that a reasonable person would conclude the injury is life-threatening or significantly life-altering, without regard to later medical findings, prognosis, or outcome. The determination of a "serious physical injury" shall be made by the superintendent or their designee based on the observable conditions and available information at the time the supervisor arrives at the scene of the critical incident and shall not be affected by subsequent medical evaluation or recovery. "Serious physical injury" shall include, but not be limited to, suspected spinal cord injury or paralysis, severe penetrating head injury, massive blood loss, or loss of limb.

The critical incident paid leave policy must include: (a) paid critical incident leave of at least twenty calendar days for any primary member whose official actions were the direct and proximate cause of the death of another person; (b) paid critical incident leave of at least ten calendar days for any other member directly involved in the critical incident; and (c) paid critical incident leave under such other circumstances the superintendent or their designee determines appropriate. Such leave shall constitute a separate category of leave and shall not count against vacation, sick, or personal leave accruals. Such leave, where appropriate, shall be designated as family and medical leave act and/or count against a member's workers' compensation leave entitlement.

Limits on Civil Immigration Enforcement (PPGG, Part LL)

Subpart Part A - Local Cops, Local Crimes Act

The Enacted Budget includes the Local Cops, Local Crimes Act, which would prohibit local governments, law enforcement agencies, state and local correctional facilities, juvenile detention facilities, or facilities for youth placed with or committed to the Office of Children and Family Services (OCFS), or an agent thereof, from entering into, modifying, renewing, remaining in or extending certain 287g agreements.

Subpart Part B - New York State Bivens Act

The Enacted Budget modifies the Executive proposal to enact the New York State Bivens Act by making technical changes which include:

- Clarifies that it would establish a private right of action under state law for any United States Citizen, or person within the jurisdiction of the U. S., to sue any person who, under color of law(of the US, any state or territory or District of Columbia) deprived such individual of any rights, privileges or immunities secured by the United States Constitution. Such actions would be brought in state court.
- Adds a provision to provide that this will be applied retroactively to January 1, 2025, with the caveat that any claim for a violation of the US Constitution between January 1, 2025, and the effective date of this bill will only qualify for nominal and compensatory damages.

Subpart Part C - New York for All

- The Enacted Budget restricts the ability for state employees and municipal governments to cooperate with civil immigration enforcement officials.
- The proposal repeals a provision of law which allows the Governor to require that non-citizens register with the state while a state of war exists between the U.S. and a foreign nation or where the Governor determines public safety or necessity requires such action.

Subpart Part D - Access to Free Public Education

- The Enacted Budget mandates that no child shall be denied admission into, be deterred from participation in, have their admission delayed to, or be excluded from any school in NYS on account of such child's perceived or actual citizenship or immigration status, or the perceived or actual citizenship or immigration status of a person in a parental relationship to such child ("parent").

Subpart Part E - Sensitive Location Protection Act

- The Enacted Budget enacts the Sensitive Location Protection Act, which would authorize sensitive locations to adopt policies and/or procedures, to the maximum extent allowable under the law, to deny access to any portion of the sensitive location that is not accessible to the general public to any individual seeking access for the purposes of immigration enforcement.

Subpart Part F - Law Enforcement Face Coverings

- The Enacted Budget prohibits the use of face coverings by law enforcement officers and require law enforcement officers to visibly display identification.
- Law enforcement officers, including police officers, peace officers and federal law enforcement officers, would be prohibited from wearing any face covering that conceals, disguises, or obscures their facial identity while interacting with the public in the performance of their duties. For the first offense, a violator would be guilty of a violation. Subsequent offenses would be a misdemeanor.

Subpart Part G - Office of Immigrant Trust

- The Enacted Budget establishes the “Immigrant Trust Office” (ITO) in the Department of Law. The head of the unit will be appointed by the Attorney General.
- Directs the ITO to establish a process to solicit and receive complaints from the public alleging the following intentional violations of law by state and local entities (and their officers, employees or contractors), as well as to investigate intentional violations of the following:
 - Executive Law Article 15-AA (Restrictions on Immigration Enforcement by State Employees)
 - Executive Section 170-k (Local Cops, Local Crimes Act)
 - General Municipal Law Article 19-D (Duties of Municipal Governments and their Employees Pertaining to Immigration Enforcement)
 - Education Law Section 3201-b (Denial of Free Public Education Prohibited)
 - Improper or unlawful use of state or local resources for immigration enforcement or improper or unlawful sharing of information by such entities or individuals with federal immigration authorities

Subpart Part H - Child Care Pickup Procedures

- The Enacted Budget requires child care providers to establish written procedures for situations in which a parent or guardian is unavailable to pick up a child at the conclusion of program hours.
- These provisions apply to:
 - Child day care providers,
 - Legally exempt child care providers,
 - Legally exempt group providers, and
 - Child care programs permitted under the New York City health code.
 - Reasonable efforts to contact all individuals authorized by the parent or guardian to retrieve the child before contacting the Statewide Central Register for Child Abuse and Maltreatment; and
 - Retaining the child on-site until the child is picked up by an authorized individual

or otherwise released pursuant to law.

Criminal Interference with Access to a Place of Religious Worship (TED, Part QQ)

The Enacted Budget creates a new crime of criminal interference with access to a place of religious worship a class B misdemeanor. Place of religious worship is defined as “any building or structure that religious adherents collectively recognize as a place to regularly gather for or hold religious services, observance, prayer, assembly, education, instruction, or devotional practice, including community centers.

A person is guilty of criminal interference with access to a place of religious worship when such person knowingly or intentionally obstructs or otherwise interferes with the entryway into or exit from a place of religious worship, or within 50 feet from a place of religious worship, knowingly or intentionally engages in a course of conduct that places that individual in reasonable fear for their safety.

Energy, Environment & Telecommunications

Energy

Affordable Utilities Omnibus Legislation (TED, Part N)

The Enacted Budget amends the type of information required to be submitted by utilities seeking a rate increase. In addition to the currently required description of proposed capital expenditures, utilities will be required to demonstrate that each proposed capital expenditure 1) advances state policy objectives, 2) identify if there was consideration of non-wire or non-pipe alternatives prior to including capital investments in distribution infrastructure, and 3) outlines examples of anticipated benefits to ratepayers and the distribution system that are required to be listed. Further, the Enacted Budget clarifies that when reviewing each capital expenditure, the commission shall consider whether the utility has satisfied the burden of proof, that each expenditure is just and reasonable.

The Enacted Budget requires that executive compensation disclosures be filed as part of applications for major rate changes by gas, electric, steam, and waterworks corporations. Such disclosures are required to include the median annual total compensation of all employees excluding senior management positions, the annual total compensation of the CEO, the annual total compensation for each other senior management position, and the ratio of all employee compensation compared to CEO compensation.

Further, the commission is required to develop performance-based targets that tie compensation for the CEO and other management positions and ratepayer-funded incentive compensation programs to the energy affordability index developed pursuant to a separate Article VII proposal

(TED, Part P/Sec. 66-x). The commission would be required to consider adjustments to the utility's return on equity based on this metric. Any such adjustment shall not be based on factors which the corporation does not control, including but not limited to, commodity supply prices.

In addition, for each filing for a major change in rate a utility is required to submit an alternate, budget constrained proposal, that separately addresses operating expenses, capital expenditures, and programmatic expenditures. The budget constrained proposal cannot increase aggregate revenues by more than the annual consumer price index increases over the prior three years. In the event such a budget plan is adopted, the utility is required to track expenditures and outcomes and explain any meaningful deviation from the final approved rate plan.

The commission is required to, within 270 days of the effective date, establish rules to limit a utility's ability to recover its direct or indirect costs associated with its attendance in, participation in, preparation for, or appeal of any rate proceeding conducted before the commission. Such costs may include, but are not limited to, attorneys' fees, fees to engage expert witnesses or consultants, the portion of employee salaries associated with such attendance, participation, preparation or appeal of a rate proceeding and related costs identified by the commission. In establishing these rules, the commission may consider setting an overall percentage of the utility's expenses in a rate case that are not recoverable, setting a baseline of reasonable costs of participation, the establishment of discovery parameters to reduce time and costs, and any other method to reduce time and costs and limits recovery to that which is reasonable and prudent.

The final Enacted Budget requires utilities to return all revenues derived from their actual return on equity in excess of their authorized rate of return to ratepayers in the form of bill credits. An exception is included whereby utilities may retain an amount not to exceed an amount equal to one quarter of one percent, provided the commission determines that such provides benefits to ratepayers through cost savings or efficiency gains which exceed the benefit of the refund, provided that in no event does the ratepayer receive less refund than the utility retains for this described purpose.

Finally, the Enacted Budget expands on the current ban on recovery of costs associated with lobbying to include any direct or indirect cost associated with lobbying. The proposal includes an expanded definition of lobbying. The ban now extends to contributions to political candidates, political parties, political or legislative committees or any committee or organization working to influence referendum petitions or elections, contributions to a chamber of commerce or a charity, any cost associated with travel, lodging, food, or beverage expenses that exceed federal per diem rates, entertainment or gifts, or chartered aircraft, and any expenditure for public relations campaigns or advertising.

Modernizing Utility Rate Regulation to Protect Consumers (TED, Part O)

The Enacted Budget amends the statutory timeframe for deciding rate cases (for gas, electric, steam, and waterworks corporations) from eleven months to fifteen months. The Enact Budget authorizes the PSC to approve multi-year rate changes for gas, electric, or combination utilities through both litigated proceedings and settlements. It clarifies that multi-year rates resulting from litigation can be implemented in the same manner as those from negotiated settlements. Additionally, it requires the Commission, in every major rate order, to explain how evidence in the record influenced its decision, confirm that the outcome serves the public interest, and provide a written summary of its rationale. The Enacted Budget also clarifies that when the PSC denies a rate increase, the prior rate remains in place until a new rate plan is established.

Energy Affordability Index and Affordability Monitors (TED, Part P)

The Enacted Budget requires, beginning January 1, 2027, gas and electric utilities to submit an annual affordability index showing the energy burden of each utility's residential customers. The index is required to be calculated based on PSC rules and regulations adopting a methodology.

Each year, beginning on June 1, 2027, and annually thereafter, the PSC is required to issue a report on affordability of residential utility service, comparing each utility in the state with data from other states as reported by the United States Energy Information Administration. Each gas and electric utility, for applications for a major rate change, must include the affordability index figure and what it would be if the commission adopted their proposed rate change.

For any change in rates that results in an increase in energy burden of three percent for residential gas service or greater than six percent for combined gas and electric, the PSC has the power and ability to install an affordability monitor inside the utility – at the utility's expense – for a period to be determined by the commission, but for not less than one year. The monitor would have the power to examine the accounts, books, contracts, records, documents and papers of the utility and would have full access to management meetings in order to review utility operations and expenditures. The monitor would be required to report to the commission the primary cost drivers that caused the energy burden to rise more than three percent, and any opportunities for cost savings.

The Enacted Budget includes Senate One House modifications of the Executive's original proposal requiring additional reporting requirements for energy affordability monitors, requiring utilities to include an energy cost burden analysis in rate cases, and clarifying the ratepayer protective actions that the PSC must take with respect to energy affordability monitor findings.

Increasing Flexibility for the Municipal ZEV Grant Program (TED, Part S)

The Enacted Budget increases the upper cap within the Municipal Zero Emissions Vehicle ("ZEV") Program on infrastructure and vehicle rebates issued by the DEC, in consultation with

NYSERDA from \$7,500 to \$30,000.

Exempts Emergency Back-Up Generation for Semiconductor Manufacturers from Siting Requirements (NEW TED, Part PP)

The Enacted Budget includes a new provision which exempts major electric generating facilities that provide emergency back-up power for semiconductor manufacturing from the Article 10 permitting process under the Public Service Law. The exemption applies only to Green CHIPS projects (as defined in the Economic Development Law) that received Excelsior Jobs Program tax credits between August 12, 2022, and December 31, 2026. These facilities must still obtain all required air emissions permits and complete environmental review under SEQRA (Article 8 of the Environmental Conservation Law).

ASAP Act (NEW TED, Part SS)

The Enacted Budget includes a version of the “Accelerate Solar for Affordable Power (ASAP) Act” which intends to expand distributed solar and other distributed energy resources by reducing interconnection delays and costs. The Enacted Budget requires electric utilities to submit detailed annual reports to the Public Service Commission disclosing the actual costs of distribution system upgrades needed for new projects, broken down by upgrade and equipment type. The Commission must explore ways to provide greater cost certainty for developers and reduce the risk of overruns. The act also directs utilities to propose “flexible interconnection” programs using smart-grid technology to actively manage resources, provided they do not raise costs for ratepayers or grid operations. Additionally, it calls for considering proactive distribution upgrades to increase DER hosting capacity during grid planning.

The Enacted Budget version of the ASAP Act does not include an increase in the goal established for distributed solar within the CLCPA, as the legislative version of the bill does.

Blue Ribbon Commission on Energy Affordability (NEW TED, Part TT)

The Enacted Budget includes a new provision which establishes a temporary “Blue Ribbon Commission on Residential Affordability Through Energy Savings” (RATES Commission) to investigate rising utility rates and recommend reforms.

It establishes a nine-member voting commission (plus two ex-officio non-voting members: the Public Service Commission chairperson and the president of the New York State Energy Research and Development Authority). The Governor appoints five members and the commission chairperson, the Senate Temporary President appoints two, and the Assembly Speaker appoints two. Members must have relevant expertise in areas like utility regulation, energy law, consumer advocacy, markets, or macroeconomics, and cannot be affiliated with utility corporations or electric plant operators. The commission has standard powers to gather

data from state agencies, must meet monthly (with at least one public hearing), and operates under open meetings laws.

Within 12 months, the commission must produce and publicly release a detailed report identifying

the causes of rising utility rates and their relative impacts. The report must examine:

- The current regulatory and ratemaking system (including cost-of-service modeling, returns on equity, rate proceedings, multi-year rates, settlements, rate compression, arrears, etc.).
- Impacts of increased electricity demand and supply adequacy.
- Utility cost management practices, energy/capacity market design, and potential market manipulation.
- Governance of bulk system operators and wholesale prices.
- Actions taken in other states.
- Opportunities for state subsidies or streamlining of affordability, weatherization, renewable, and electrification programs.
- Supply-side cost reductions.

The commission must adopt the report by majority vote (including at least one member from each appointing authority) and deliver it to the Governor, Senate, and Assembly. It dissolves 60 days after the report is published.

CLCPA Changes (NEW TED, Part VV)

The Enacted Budget includes amendments to the Climate Leadership and Community Protection Act. The proposal extends the timeline for regulations to reduce GHG emissions to 2028, creates a soft target of a forty percent reduction of 1990's emissions by 2040, and emphasizes the hard deadline of an eighty-five percent reduction by 2050. The 2040 target must be achieved to the maximum extent feasible and cost-effective.

This proposal extends the deadline for Cap and Invest regulations to 2028, making the current court case in Albany Supreme Court, where the court ruled that the DEC must promulgate Cap and Invest Rules and Regs, moot. The proposal requires the DEC to consider the following when promulgating regulations:

- The feasibility and adoption of cap-and-invest
- The affordability of cap-and-invest, including how the pace and sequencing of implementation affects total costs over time, the impact on energy costs, and the utilization of effective cost containment measures
- The importance of fostering economic growth, competitiveness, and job creation
- Economy-wide emissions reduction strategies that improve public health, quality of life, and improve the environment for all New Yorkers, and any new revenue equitably supports this outcome.

- The ability to maximize funding and other resources to support emissions reductions
- The development of low and zero-emission technologies to achieve emissions goals

Most significantly, the proposal will change the greenhouse gas emissions accounting standard from a 20-year standard to a 100-year standard. Switching accounting methods to 100-year standard would mean the State has reduced emissions by 24 percent from 1990 levels, instead of the current 15 percent under the 20-year standard.

Further changes include the exclusion of emissions from biogenic sources, which are natural sources such as vegetation and soils, the removal of the extraction and transmission of fossil fuels imported into the state from the calculation, requiring the Climate Action Scoping Council to update the Scoping plan in 2028 and every six years thereafter, requiring that CO₂ emissions from biogenic sources must be reported separately, and enhancing the programmatic benefits of disadvantaged communities by five percent.

Excelsior Power Program (NEW TED, Part III)

The Enacted Budget includes a new provision which creates the Excelsior Power Program designed to reduce peak energy demand through the remote operation of voluntary customer enrolled smart thermostats or other smart devices that reduce peak demand. Customers opting in to the program would receive bill credits as an incentive to participate. The program must include a mechanism for customers to override during extreme heat or cold events, with no assessment or fee associated with overriding except for discounted bill credits.

Environment

Clean Water Infrastructure Funding

The SFY 2026-2027 Enacted Budget includes a \$3.75 billion, five-year Clean Water Infrastructure funding framework. \$750 million will be available in the new fiscal year for clean water infrastructure funding. These funds are to be available for infrastructure projects supporting clean drinking water, wastewater treatment and replacement of lead service lines (Capital Projects - S.9004-D/A.10004-D).

Environmental Protection Fund

The Enacted Budget includes \$425 million appropriation for the Environmental Protection Fund (EPF). The EPF supports projects intended to mitigate the effects of climate change, improve agricultural resources, protect water sources, support conservation, and recreational opportunities. The final budget does not include an Executive proposal to use \$25 million of EPF capital to pay for agency personnel and fringe benefits (Capital Projects - S.9004-D/A.10004-D).

NYSDEC Capital Support

The Enacted Budget includes a \$90 million capital appropriation for the Department of Environmental Conservation (DEC). This program targets critical asset preservation and public safety obligations, such as structural dam integrity. This \$90 million state allocation serves as the required non-federal matching base that allows New York to leverage the \$551 million in federal infrastructure appropriations granted to the DEC this fiscal year, including \$471 million specifically dedicated to the Clean Water State Revolving Fund (Capital Projects - S.9004-D/A.10004-D).

SEQRA Reforms for Housing Development (TED, Part R)

The Enacted Budget modifies provisions of the State Environmental Quality Review Act (SEQRA) relating to the state's sustainable housing initiatives. These changes are intended to streamline environmental assessments for housing developments while also maintaining anti-sprawl protections. Lead agencies will be subject to a one-year deadline in issuing environmental determinations of significance. The budget exempts housing projects with up to 250 units in New York City, and up to 500 units in medium- and high-density areas in the city, up to 300 units in urban areas outside the five boroughs and up to 100 units in nonurban areas from the review process. Projects are capped at 20 units in municipalities without zoning. Housing must be on previously disturbed land and connected upon occupancy to existing water and sewer systems.

Other projects are also exempt from SEQRA, including public parks and trails projects, green infrastructure, clean water infrastructure that avoids negative impacts to natural resources and public school buildings in New York City built by the School Construction Authority.

Telecommunications

Establish the Safe by Design Act (TED, Part Y)

The Enacted Budget establishes the SAFE by Design Act which creates strict default privacy, safety, and parental control requirements for “covered platforms” — broadly defined as websites, apps, or online services used by New York minors that offer user profiles, private messaging, content posting/feeds, or online gaming with real-money or digital currency transactions.

Operators must implement reasonable age assurance (self-declaration is prohibited) to identify covered minors (users under 18). For these minors, platforms must default to restrictive settings that block unconnected adults (18+) from privately messaging them, viewing their full profiles, responding to or downloading their media, tagging them, or accessing their location data. Profile recommendations to unconnected adults are also barred. Integrated AI companions are disabled by default for minors. Gaming platforms must provide parental tools for setting monthly spending limits (or opting out) and viewing transaction histories. Parents can override these defaults (with separate consents) and must be notified of minor requests to loosen restrictions; under-13s additionally require parental consent for new connections.

The law prohibits design features that subvert these protections, bans discriminatory degradation of service due to compliance, requires multilingual parental tools, and grants the Attorney General rulemaking and strong enforcement authority (including civil penalties up to \$5,000 per violation).

Procurement & Banking

Streamline Public Procurement (PPGG, Part Y)

The Enacted Budget amends the State Finance Law and the Economic Development Law to improve the efficiency of State agency procurement by increasing discretionary purchasing thresholds and streamlining approval requirements. This bill increases the discretionary purchase threshold to \$150,000 for OGS and BSC customer agencies, for OGS centralized contracts, and for all other agencies. The bill also eliminates the requirement for OSC approval of purchase orders or other procurement transactions issued under centralized contracts.

Extend Procurement Lobbying Law and Increase Contract Threshold (PPGG, Part BB)

The Enacted Budget extends the existing procurement lobbying framework applicable to government entities and its advisory council through July 31, 2028.

Extend the Procurement Stewardship Act (PPGG, Part CC)

The Enacted Budget extends the Procurement Stewardship Act for five years, through June 30, 2031. The Procurement Stewardship Act establishes: (1) contracts for commodities are awarded on the basis of lowest price; (2) contracts for services are awarded on the basis of best value; and (3) all contract awards must be made to responsible and responsive bidders.

Authorize Mortgage Insurance Fund (MIF) Utilization (ELFA, Part M)

The Enacted Budget allows for the utilization of funding from the Mortgage Insurance Fund's (MIF's) excess reserves to support vital community development and housing programs, including:

- Neighborhood and Rural Preservation Programs (\$18.19 million), which support community-based housing corporations across the State that provide various housing related services for low- and moderate-income populations;
- The Rural Preservation Program (\$8.57 million), with \$250,000 for the purpose of entering into a contract with the rural housing coalition to provide technical assistance;
- The Rural Rental Assistance Program (\$25.38 million), which supports rental subsidies for low-income and elderly and family tenants residing in federally funded multifamily projects in rural areas of the State; and
- Homeless housing programs (\$74.18 million), including the Solutions to End

Homelessness Program, the New York State Supportive Housing Program, and the Operational Support for AIDS Housing Program.

Expand the Number of Land Banks Permitted (ELFA, Part N)

The Enacted Budget increases the maximum number of land banks that can simultaneously exist in New York State from 35 to 45. According to the Governor, New York's land banks have continued to demonstrate success in acquiring and repurposing vacant properties, with the cap most recently being increased to 35 in 2018. Further increasing the cap to 45 will help turn more vacant, abandoned, and deteriorated properties into affordable housing.

Transportation & Insurance

Premium Increase Explanations (TED, Part BB)

The Enacted Budget **modifies** the Executive proposal to require insurance companies to inform policyholders of the exact amount of a premium increase when it will be more than ten percent of previous policy, and to do so prior to a renewal.

- The new language requires the notice must be on the accompanying premium bill;
- The notice must now include explanation of primary rating factors that resulted in such increase, including individual claims history, changes to the policy such as adding a family member or vehicle, or a change in address;
- Primary rating factors also may include anticipated losses in a rating territory requiring increased premiums, increased costs associated with claims including vehicle repair costs, claims processing, or medical costs;
- Language is added specific to auto insurance that if an auto insurance premium is reduced as a result of reforms in the FY27 budget, the insurer must provide notification to the policyholder stating that the reduced premiums are due to the FY27 budget reforms.

Reducing Unnecessary Litigation (TED, Part EE)

The Enacted Budget **modifies** the Executive proposal to reform New York's No-Fault Auto Insurance Law and the Civil Practice Law and Rules in the following ways:

The Enacted Budget **modifies** the Executive proposed reforms to New York's No-Fault Auto Insurance Law and the Civil Practice Law and Rules that would redefine "serious injury"; cap non-economic loss payments at \$100,000 in non-death involved injury cases when the covered person was using or operating an uninsured vehicle while committing a crime; to allow recovery of non-economic damages (for accidents not resulting in death) only if a plaintiff is not "**primarily**" at fault; and to remove the exception in automobile insurance law that does not allow limited joint and several liability.

- The final language provides:

- Changes to the definition of “serious injury” are **accepted** to remove the 90/180-day provision for injuries or impairments of non-permanent nature;
- Non-economic loss payments are capped at \$100,000 as proposed by the Executive with some modifications to the original proposal:
- language is changed to specify the cap is for the “injured” person not a “covered” person who is at fault; and,
- the cap applies to an injured person who is not barred from recovery by new Section 1411 of Civil Practice Law & Rules (which are the modified comparative negligence changes being enacted);
- the cap applies to an injured person who was operating an uninsured vehicle and responsible for insuring such vehicle, but the final language makes an exception to this for up to 30-day insurance coverage lapses;
- the cap applies to an injured person operating vehicle while impaired at the time of the accident and convicted of such;
- the cap applies to an injured person operating a vehicle in commission of a felony or immediate flight from one and convicted of such.
- The “Comparative Negligence” standard is replaced with a “Modified Comparative Negligence Standard” so that an injured driver could only seek additional compensation from the other driver if their share of the fault is less than 50%.
- Non-economic loss (pain and suffering) payments are no longer permitted for persons injured and found to be over 50% at fault.
- The final budget **rejects** the repeal of the Motor Vehicle Accident exception from the Joint and Several Liability Law provisions which would have ended the practice where a defendant, even if only found to be 1% at fault, can be forced to pay the full judgment if co-defendants fail to pay.

Reporting Requirements for Insurers of Multi-Family Housing (TED, Part GG)

The Enacted Budget **accepts** the Executive proposal to require insurers of residential properties containing two or more dwelling units, except for hotels or motels, to file an annual report with DFS that must include information for a report on collected premiums and claims paid that DFS would publish annually on its website.

Prior Authorization Reforms (TED, Part HH)

The Enacted Budget **modifies** the Executive proposal by accepting the entirety of the proposal and adding language to the continuity of care requirements section. The reforms advanced will:

- Increase reporting requirements by health insurance companies to DFS on several details of prior authorization and utilization review requests and outcomes;
- Expand “continuity of care requirements” so if a provider becomes “out of

- network” enrollees in an ongoing course of treatment can continue with their provider for 90 days instead of current law 60 days and in the case of pregnancy and post-partum care through the duration of the condition;
- Require insurers to publish formulary prescription drug lists on their websites and DFS to publish information on preauthorization claims; and
 - Limit the number of utilization reviews for patients who are in treatment for a chronic health condition to no more than once a year.

This proposal is modified with language added to the “continuity of care requirement reforms” to state that new provisions will apply only for “outpatient” treatment of chronic conditions and to clarify that if the enrollee’s attending provider recommends a change to the course of treatment then utilization review may be conducted for the new course of treatment, and, to provide that any new treatment, testing or procedures related to the specific medical problem, condition or illness being managed but that is not already included in the approved course of treatment may be subject to a separate pre-authorization.

Extend the Excess Profit Law for Automobile Insurance (TED, Part KK)

The Enacted Budget **modifies** the Executive proposal to simply extend for 3 years the Excess Profit Law for motor vehicle insurance rates, and instead advances language that mirrors the Florida auto insurance Excess Profits Law that:

- Sets in statute, rather than regulations, the parameters which constitute an excess profit and reworks definition of excess profit and specifies how an insurer will return such excess profit to policyholders;
- Defines excess profit as “an underwriting gain for the three most recent calendar years combined which is greater than the anticipated underwriting profit plus five percent of earned premiums for those calendar years.” In other words, if underwriting profit is more than 5% for the three years combined above what the expected (approved underwriting profit was) then the insurer must provide a credit to policyholders;
- Provides definitions of “anticipated underwriting profit” and instructions on how to compute underwriting loss or gain for each calendar year (administrative and selling expenses incurred and policyholder dividends would be subtracted);
- Requires insurers to report excess profits to DFS at the time upon which they provide credits to policyholders for the excess profits;
- Requires insurers when providing credits to policyholders of excess profits, to notify them that the credit was due to the FY27 state budget reforms enacted;
- Requires insurers to report annually to DFS the “estimated impact on losses, expenses, and premiums resulting from statutory or regulatory reforms enacted in or the result of the FY27 state budget”;

- The insurer’s annual report to DFS must detail the estimated impacts of FY27 reforms in their proposed rates, rating plans and rating rules;
- Directs DFS to consider these reforms and new standards when evaluating the extent to which proposed rates reflect the impact of the FY27 reforms; and,
- Requires DFS to notify the Governor, the Senate & Assembly Majority Leaders and Senate & Assembly Insurance Chairs if an excess profit and credit to policyholders are given and if an insurer has realized an excess profit. The report must “summarize the estimated aggregate impact of the reforms in FY 2027 on insurer losses, expenses and premiums and evaluate the extent to which savings have been reflected in approved rates and realized by policyholders.”

Fighting Back Against Criminal Fraudsters (PPGG, Part F)

The Enacted Budget **accepts** the Executive proposal to expand the definition of “fraudulent insurance act” to include a person who hires, requests, encourages, orchestrates, or invites another individual to stage a motor vehicle accident. The proposal also changes the criteria for insurance and health fraud by lowering monetary thresholds required for the various felonies. Finally, the proposal would align the healthcare fraud statute with the insurance fraud statute by removing the one-year timeframe for meeting those thresholds.

Increase Access to Medical Care for Injured Workers (PPGG, Part X)

The Enacted Budget **slightly modifies** the Executive proposal to allow any licensed acupuncturist, chiropractor, nurse practitioner, occupational therapist, physical therapist, physician, physician assistant, podiatrist, psychologist, or social worker to treat workers’ compensation patients unless that provider is on the exclusion list. Independent medical exams would continue to be required to be performed by a physician, podiatrist, chiropractor, or psychologist authorized to perform these exams by the Workers’ Compensation Board. This proposal was included in the 2026 Executive Budget but was not enacted. If enacted, this proposal would take effect in January 2028.

Elimination of 5% Flexible Rating (PPGG, Part New II)

The Enacted Budget **creates a new** Part II relating to the elimination of the 5% premium increase of the flexible rating law for personal automobile insurance. The agreed language would allow the law to continue for premium decreases up to 5% for a four-year period. The elimination of the 5% flex rate increases takes effect six months after the provisions become law.