NYSAR Enacted State Budget Summary (State Fiscal Year 2026-27)

On Wednesday, May 27th the State Legislature completed passage of the 2026-2027 state budget, nearly 2 months after the April 1st deadline. The final state spending plan totals approximately $268.5 billion, which is nearly $8.5 billion more than the Governor's proposed budget. The enacted budget includes $39 billion in state education funding and guarantees every school district in the state a minimum increase of 2 percent in foundation aid.

The budget includes substantial reforms to the State's Environmental Quality Review Act (SEQRA), which NYSAR advocated for on our annual Lobby Day. Additionally, several initiatives that NYSAR opposed were excluded from the enacted budget, including proposals to: tax residential real estate purchased with cash; levy a recurring annual property tax on high value second homes outside of New York City, and authorize additional real estate transfer taxes in the cities of Buffalo and Albany. The final budget does include language to establish a "pied-a-terre tax" in New York City, beginning July 1, 2026.

Several initiatives impacting insurers, energy utilities and ratepayers were also included in the enacted budget. A summary of relevant initiatives can be found below.

Housing & Real Estate Related Initiatives

The enacted state budget:

- Reforms the State Environmental Quality Review Act to exempt new housing construction of up to 300 units outside of New York City from environmental review and exempt new housing construction of up to 500 units within New York City from review. To be exempt from review, these projects must be connected to a public sewer system and be located at a previously disturbed site, while also meeting other criteria depending on the size and location of the project.
- Establishes a "pied-a-terre" tax in New York City for non-primary residences. From July 1, 2026 to July 1, 2028, co-ops and condos with a market value of $1 million or more will be subject to the annual tax, and all other residential properties with a market value of $5 million or more will be subject to the tax.
  The tax rates from July 1, 2026 – July 1, 2028 for residential properties other than co-ops and condos will be:
  - $5-$15 million: 0.8 percent
  - $15-$25 million: 1.05 percent
  - $25 million or more: 1.3 percent

  After July 1, 2028 (until June 30, 2031) all residential properties will be taxed at this rate, including co-op units and condos.

  The annual tax rates from July 1, 2026 – July 1, 2028 for co-ops and condos will be:
  - $1-3 million: 4 percent
  - $3-5 million: 5.25 percent

- $5 million or more: 6.5 percent

The pied-a-terre tax will expire on June 30, 2031, unless extended by law.

- Establishes the crime of aggravated harassment of a rent-regulated tenant, which is a class D felony.
- Authorizes the creation of a real property tax abatement program for up to 20 years for eligible buildings with 3 or more units in New York City
- Increases the maximum number of land banks permitted in the state from 35 to 45 to help redevelop blighted and abandoned properties.
- Extends reduced transfer tax rates on real estate investment trusts for 3 years.

The enacted state budget includes:

- **$10 million** to help first time homeowners with area median incomes between 50 and 120 percent with closing costs and down payments.
- **$250 million** in capital funding for the creation and preservation of affordable housing.
- **$100 million** in capital funding for the MOVE-IN NY homes program to bolster innovation in emerging factory-built starter and modular construction technologies.
- **$50 million** in capital funding to support resiliency efforts for low-and moderate-income homeowners.
- **$20 million** in capital funding to assist landlords outside of NYC in meeting lead remediation requirements to protect tenants.
- **$4 million** in local assistance funding for fair housing testing.

Other Relevant Enacted Budget Initiatives

The enacted state budget also:

- Delays until December 31, 2028, the requirement for the Department of Environmental Conservation to issue regulations to implement the Climate Act. The Climate Act is also amended to now establish a goal to reduce statewide greenhouse gas emissions to 60 percent of 1990 levels by 2040.
- Establishes an energy rebate credit of $150 for taxpayers with incomes between $150,000 and $300,000 or $200 for taxpayers with incomes at or below $150,000.
- Increases the child and dependent care tax credit to a maximum of $4,950.
- Extends for 3 more years the existing corporate tax rates on business with more than $5 million in income.
- Requires the submission of annual reports by insurers of multifamily buildings (2 or more units) to the Department of Financial Services.
- Prohibits auto insurers from using education, employment, homeownership or zip code to set insurance rates.
- Requires prior approval by the Department of Financial Services for personal auto insurance rate increases exceeding 5 percent.

- Requires disclosure of executive compensation at utilities
- Increases the amount of time for PSC review of major rate increase cases from 4 to 14 months, in order to provide for a more thorough review by the PSC.
- Requires gas and electric utilities to submit annually an energy affordability index and allow for independent utility affordability monitors where rate increases exceed 3 percent for gas or electric utilities, or 6 percent for utilities providing both gas and electric service.
- Requires property and casualty insurers to provide written explanations for insurance rate increases exceeding 10 percent.
- Changes the standard for “serious injury” when determining liability for auto accidents and caps recovery of non-economic damages, other than instances of death, at $100,000 per incident.