

TO: Greater Rochester Chamber Members
FROM: Joe Leathersich, Director of Advocacy, Intergovernmental Relations, and Public Policy
RE: NYS FY26 Enacted Budget
DATE: May 9, 2025

The following memo provides a detailed summary of the FY 2026 Enacted State Budget, with a focus on provisions that impact the Greater Rochester region and New York's business community more broadly. It highlights key investments in energy infrastructure, economic development, workforce and talent pipelines, and business climate improvements, while also outlining major changes in tax policy, regulatory reform, and social support programs. This summary is organized to reflect both our advocacy priorities as well as other investments that our member's should be aware of.

Greater Rochester Chamber President Bob Duffy issued the following statement upon the budget's passing:

Greater Rochester Chamber thanks Governor Hochul, Speaker Heastie, and Leader Stewart-Cousins for their persistence and leadership to pass a budget that addresses many of our State's most pressing issues. The decision to invest \$8 billion to pay off our unemployment insurance debt and raise benefits is a massive win for all New Yorkers, and we look forward to seeing its full economic impact.

We are additionally grateful for investments to address the Benefits Cliff in Monroe County, support economic development and business attraction, expand child care availability, strengthen our workforce pipeline, modernize and support infrastructure including \$59.6 for our Rochester Riverside Convention Center, and more. We appreciate the strong representation and advocacy from our Greater Rochester delegation to bring home a budget that supports the whole Finger Lakes region. We will continue to work with them and our other partners in government to support policies that make New York State a better place to live, work, and play."

FY 2026 New York State Budget – Chamber of Commerce Summary

Economic Development & Business Growth

Regional Economic Development Councils (REDCs): \$150 Million

• Competitive grant program supports high-impact local projects.

FAST NY Program: \$100 Million

• Continues support for shovel-ready sites, a key driver of advanced manufacturing and clean energy project attraction.



Excelsior Jobs Program – Extended to 2034

- Semiconductor sector added with new incentives:
 - Up to 15% R&D tax credit.
 - Up to \$5M per business in training credits for semiconductor workforce development.
- Existing employee training incentive program sunsets in 2028.

MWBE & SDVOB Procurement Thresholds Increased

• Discretionary limits doubled from \$750K to \$1.5M for agencies and public authorities.

Captive Insurance Authorization

• Permits Javits Center to form a captive insurance company—model could benefit other public-benefit corporations.

Workforce Development & Talent Pipeline

Workforce Incentives & Credits

- Hire-a-Vet, Workers with Disabilities, and Farm Workforce Retention Credits all extended for 3 years.
- UI benefit cap raised to \$869/week in 2025; increases to 50% of average weekly wage in 2026.
- Farm Employer Overtime Credit: 118% of certified overtime costs reimbursed for eligible employers.

New Youth Employment Framework

• Modernizes working paper system with a digital employment certificate database maintained by NYSDOL.

Waiver of Civil Service Exam Fees Extended

• Continues fee waivers through June 2027 to support public sector recruitment.

Tax Relief & Business-Friendly Measures

Inflation Refund Credit

• One-time refundable credit for 2023 full-year residents based on income and filing status (up to \$400 for low-income filers).

Middle-Class Tax Cut & PIT Surcharge Extension

- Tax rate reductions begin in 2026 for incomes up to ~\$323K.
- High-income PIT surcharge extended through 2032.

Relief for Passive LLC Members

 Limits personal liability for certain passive members of LLCs/LPs on unpaid sales and use taxes.



Simplified Property Tax Credit

• Restructures the "circuit breaker" credit to use adjusted gross income and fixed benefits by age/income tier.

EV and Clean Fuel Credits Extended

• Alternative Fuel Infrastructure and Clean Heating Fuel tax credits extended through 2029.

Energy, Environment & Infrastructure

POWER UP Program (\$100 Million)

• Supports electric infrastructure upgrades at underutilized properties to make them development-ready.

Sustainable Future Program (\$1 Billion)

- Major investments in climate mitigation and adaptation: decarbonizing buildings, clean transportation, and renewable energy.
- Notably includes:
 - \$450M for building emissions reductions (e.g., heat pumps, Clean Green Schools, NYSERDA's EmPower Plus).
 - \$250M for zero-emission transportation (school buses, EV charging, Charge Ready NY).
 - \$200M for renewable energy, including municipal projects and NYPA investments.

Also of note: These projects are treated as if they were funded by the **Cap-and-Invest Climate Action Fund** (Section 99-qq of the State Finance Law), even though this \$1B is coming directly from the general capital budget. That means the projects are held to similar **accountability, climate alignment, and equity standards** as the programs funded through New York's carbon pricing system.

Energy Affordability Guarantee (\$50 Million, reappropriated)

Targets low-income households under NYSERDA's EmPower Plus who electrify their homes.

Hazardous Waste Superfund Reauthorization

• Extends DEC's cleanup authority to 2036, increases bonding capacity to \$3.45B, and prioritizes remediation in disadvantaged communities.

Environmental Protection Fund

• Maintains \$400M to support land conservation, water quality, invasive species control, and more.



Locally

- Centers for Advanced Technology (CATs) & Centers of Excellence (COEs): The budget maintains level funding of \$1 million per center, including support for research in data science, artificial intelligence, RNA research, and therapeutics. An additional \$250,000 is included for a joint COE focused on RNA-related initiatives.
- Laboratory for Laser Energetics (LLE): Funding for the Laboratory for Laser Energetics is sustained at \$1 million in the enacted budget.
- NextCorps' Luminate Program: While no new funding was provided for NYFIRST in this cycle, \$10 million previously appropriated remains available for future rounds of innovation grants under the Luminate program.

Clean Water Infrastructure

- \$500M for drinking and wastewater projects.
- \$471M in federal funds accepted for the Clean Water State Revolving Fund.

😎 💻 Innovation, AI & Digital Economy

AI Companion Regulation

• New transparency and safety protocols required for emotionally responsive AI systems simulating relationships.

Empire AI Consortium

- \$90 million allocated to support a statewide AI initiative including the University of Rochester and RIT as core partners.
- Aims to strengthen Upstate New York's innovation economy and AI research leadership.

Digital Gaming & Film Credits Enhanced

- Film and Post-Production credits extended through 2036; new independent production incentives added.
- Gaming production cost threshold lowered to \$50K to qualify for credits.

A Housing & Community Development

Pro-Housing Communities Fund

• \$100 million available for infrastructure projects in municipalities certified under the Pro-Housing Communities initiative.

Support for First-Time Homebuyers

• \$100 million total:



- \$50 million in capital for starter home construction.
- \$50 million for down payment assistance.

Child Care Construction Fund

- \$100 million for design, construction, and equipment of new or expanded childcare facilities.
- Additional \$10 million for family-based programs.

Child Care Substitute Pool

• \$3 million to launch a statewide substitute caregiver pool, supporting operational stability in childcare center

Low-Income Housing Tax Credit Doubled

Annual SLIHC allocation increase raised from \$15M to \$30M through 2029.

State Historic Tax Credit Expanded

 Credits may now be transferred and applied to affordable housing projects regardless of census tract limitations.

Institutional Real Estate Restrictions

- 90-day waiting period before certain large investors can purchase 1–2 family homes.
- Limits depreciation/interest deductions on these properties.

Government Finance, Public Safety & Miscellaneous

General Fund Imbalance Authority

• If a \$2B imbalance is forecasted, the Budget Director may withhold funds across agencies—with legislative oversight.

Buy Now Pay Later (BNPL) Regulation

• Establishes registration and consumer protections for BNPL loan providers.

Call Before You Dig: Increased Penalties

• Penalties increased to \$4,375–\$17,500 per violation; proceeds directed to Environmental Protection Fund.

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