

STATE OF NEW YORK

4265--A

Cal. No. 535

2021-2022 Regular Sessions

IN SENATE

February 3, 2021

Introduced by Sen. THOMAS -- read twice and ordered printed, and when printed to be committed to the Committee on Housing, Construction and Community Development -- reported favorably from said committee, ordered to first and second report, ordered to a third reading, amended and ordered reprinted, retaining its place in the order of third reading

AN ACT to amend the real property tax law, in relation to authorizing an exemption for class one capital improvements to residential buildings and certain new construction in a special assessing unit that is not a city; and providing for the repeal of such provisions upon the expiration thereof

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

1 Section 1. The section heading of section 421-f of the real property
2 tax law, as amended by chapter 590 of the laws of 1994, is amended to
3 read as follows:

4 Exemption of capital improvements to residential buildings and certain
5 new construction.

6 § 2. Section 421-f of the real property tax law is amended by adding a
7 new subdivision 1-a to read as follows:

8 1-a. Buildings classified as class one property in section eighteen
9 hundred two of this chapter reconstructed, altered, improved, or newly
10 constructed in a special assessing unit that is not a city shall be
11 exempt from taxation and special ad valorem levies to the extent
12 provided hereinafter in the same manner and to the same extent to coun-
13 ty, town, special district and school district taxes levied on the
14 assessment roll prepared by such special assessing unit. Additional
15 buildings and yard improvements shall be excluded from receiving this
16 exemption. An application shall not be required to receive the
17 exemption.

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

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1 § 3. Subdivisions 2 and 3 of section 421-f of the real property tax
2 law, as amended by chapter 590 of the laws of 1994, subparagraph (ii) of
3 paragraph (a) of subdivision 2 and subdivision 3 as further amended by
4 subdivision (b) of section 1 of part W of chapter 56 of the laws of
5 2010, are amended to read as follows:

6 2. (a) Such buildings shall be exempt for a period of one year to the
7 extent of one hundred per centum of the increase in assessed value ther-
8 eof attributable to such reconstruction, alteration or improvement, and
9 new construction pursuant to subdivision one-a of this section, and for
10 an additional period of seven years subject to the following:

11 (i) The extent of such exemption shall be decreased by twelve and
12 one-half per centum of the "exemption base" each year during such addi-
13 tional period. The "exemption base" shall be the increase in assessed
14 value as determined in the initial year of the term of the exemption,
15 except as provided in subparagraph (ii) of this paragraph.

16 (ii) In any year in which a change in level of assessment of fifteen
17 percent or more is certified for a final assessment roll pursuant to the
18 rules of the commissioner, the exemption base shall be multiplied by a
19 fraction, the numerator of which shall be the total assessed value of
20 the parcel on such final assessment roll (after accounting for any phys-
21 ical or quantity changes to the parcel since the immediately preceding
22 assessment roll), and the denominator of which shall be the total
23 assessed value of the parcel on the immediately preceding final assess-
24 ment roll. The result shall be the new exemption base. The exemption
25 shall thereupon be recomputed to take into account the new exemption
26 base, notwithstanding the fact that the assessor receives certification
27 of the change in level of assessment after the completion, verification
28 and filing of the final assessment roll. In the event the assessor does
29 not have custody of the roll when such certification is received, the
30 assessor shall certify the recomputed exemption to the local officers
31 having custody and control of the roll, and such local officers are
32 hereby directed and authorized to enter the recomputed exemption certi-
33 fied by the assessor on the roll. The assessor shall give written notice
34 of such recomputed exemption to the property owner, who may, if he or
35 she believes that the exemption was recomputed incorrectly, apply for a
36 correction in the manner provided by title three of article five of this
37 chapter for the correction of clerical errors.

38 (iii) [~~Such~~] Except in a special assessing unit that is not a city,
39 such exemption shall be limited to eighty thousand dollars in increased
40 market value, or such other sum less than eighty thousand dollars, but
41 not less than five thousand dollars as may be provided by the local law
42 or resolution, of the property attributable to such reconstruction,
43 alteration or improvement and any increase in market value greater than
44 such amount shall not be eligible for the exemption pursuant to this
45 section. In a special assessing unit that is not a city, the exemption
46 shall be limited to seven hundred fifty thousand dollars in increased
47 market value. For the purposes of this section, the market value of the
48 reconstruction, alteration or improvement, or new construction as
49 authorized by subdivision one-a of this section, shall be equal to the
50 increased assessed value attributable to such reconstruction, alteration
51 [~~or~~], improvement or new construction divided by the class [~~±~~] one ratio
52 in a special assessing unit or the most recently established state
53 equalization rate or special equalization rate in the remainder of the
54 state, except where the state equalization rate or special equalization
55 rate equals or exceeds ninety-five percent, in which case the increase
56 in assessed value attributable to such reconstruction, alteration [~~or~~],

1 improvement or new construction shall be deemed to equal the market
2 value of such reconstruction, alteration or improvement.

3 (b) [~~No~~] Except in a special assessing unit that is not a city, no
4 such exemption shall be granted for reconstruction, alterations or
5 improvements unless:

6 (i) such reconstruction, alteration or improvement was commenced
7 subsequent to the effective date of the local law or resolution adopted
8 pursuant to subdivision one of this section; and

9 (ii) the value of such reconstruction, alteration or improvement
10 exceeds three thousand dollars; and

11 (iii) the greater portion, as so determined by square footage, of the
12 building reconstructed, altered or improved is at least five years old.

13 (c) For purposes of this section the terms reconstruction, alteration
14 and improvement shall not include ordinary maintenance and repairs.

15 3. [~~Such~~] Except in a special assessing unit that is not a city, such
16 exemption shall be granted only upon application by the owner of such
17 building on a form prescribed by the commissioner. The application shall
18 be filed with the assessor of the city, town, village or county having
19 the power to assess property for taxation on or before the appropriate
20 taxable status date of such city, town, village or county. In a special
21 assessing unit that is not a city, the exemption shall be applied based
22 upon that completion of reconstruction, alteration, improvement or new
23 construction on or before the applicable taxable status date of the
24 special assessing unit; provided, however that the exemption for such
25 reconstruction, alteration, improvement or new construction that
26 occurred after the taxable status date of such special assessing unit
27 for the two thousand nineteen -- two thousand twenty assessment roll
28 and on or before the taxable status date of such special assessing unit
29 for the two thousand twenty -- two thousand twenty-one assessment roll
30 shall be applied beginning with the two thousand twenty-one -- two thou-
31 sand twenty-two assessment roll.

32 § 4. Subdivisions 5, 6 and 7 of section 421-f of the real property tax
33 law, as amended by chapter 590 of the laws of 1994, are amended to read
34 as follows:

35 5. For the purposes of this section, except in a special assessing
36 unit that is not a city, a residential building shall mean any building
37 or structure designed and occupied exclusively for residential purposes
38 by not more than two families.

39 6. In the event that a building granted an exemption pursuant to this
40 section ceases to be used primarily for residential purposes [~~or~~], is no
41 longer classified as class one property in a special assessing unit that
42 is not a city, or title thereto is transferred to other than the heirs
43 or distributees of the owner in other than a special assessing unit that
44 is not a city, the exemption granted pursuant to this section shall
45 cease.

46 7. (a) [~~A~~] Except for a special assessing unit that is not a city, a
47 county, city, town or village may, by its local law, or school district,
48 by its resolution:

49 (i) reduce the per centum of exemption otherwise allowed pursuant to
50 this section;

51 (ii) limit eligibility for the exemption to those forms of recon-
52 struction, alterations or improvements as are prescribed in such local
53 law or resolution;

54 (iii) provide that the exemption shall be applicable only to those
55 improvements which would otherwise result in an increase in the assessed
56 valuation of the real property but which consist of an addition, remod-

1 eling or modernization to an existing residential structure to prevent
2 physical deterioration of the structure or to comply with applicable
3 building, sanitary, health and/or fire codes.

4 (b) No such local law or resolution shall reduce or repeal an
5 exemption granted pursuant to this section until the expiration of the
6 period for which such exemption was granted.

7 § 5. Effect of exemption. A special assessing unit that is not a city
8 shall not consider property exempt pursuant to subdivision 1-a of
9 section 421-f of the real property tax law when calculating tax rates or
10 when apportioning taxes among classes under article 18 of the real prop-
11 erty tax law.

12 § 6. Severability. If any clause, sentence, paragraph, section or part
13 of this act shall be adjudged by any court of competent jurisdiction to
14 be invalid and after exhaustion of all further judicial review, the
15 judgment shall not affect, impair or invalidate the remainder thereof,
16 but shall be confined in its operation to the clause, sentence, para-
17 graph, section or part of this act directly involved in the controversy
18 in which the judgment shall have been rendered.

19 § 7. This act shall take effect immediately; provided however, that
20 subdivision 1-a and the amendments made to the section heading and
21 subdivisions 2, 3, 5, 6 and 7 of section 421-f of the real property tax
22 law by sections one through four of this act shall apply only to the
23 2021-2022, 2022-2023, 2023-2024 and 2024-2025 assessment rolls of the
24 county of Nassau, and shall expire and be deemed repealed January 1,
25 2026.