STATE OF NEW YORK

10192

IN ASSEMBLY

February 12, 2026

Introduced by M. of A. PEOPLES-STOKES -- read once and referred to the Committee on Ways and Means

AN ACT to amend the tax law, in relation to creating an office to residential conversion tax credit and a historic preservation rehabilitation office to residential conversion tax credit; and providing for the repeal of such provisions upon expiration thereof

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

Section 1. The tax law is amended by adding a new section 36-a to read as follows:

§ 36-a. Office to residential conversion tax credit. (a) General. A taxpayer shall be allowed a credit against the tax imposed by this article in an amount equal to ten percent of the qualified rehabilitation expenditures, as defined in subdivision (c) of this section, paid or incurred by the taxpayer with respect to any qualified office to residential conversion project, as defined in subdivision (b) of this section. Such credit shall be refundable in accordance with the provisions of section six hundred eighty-six of this chapter.

(b) Qualified office to residential conversion project. For purposes of this section, a "qualified office to residential conversion project" shall mean the substantial rehabilitation of a qualified building that meets the following requirements:

(1) the building is located in a city, town, or village with a population under one million residents and was placed in service as a non-residential or other income-producing property within the ten years preceding the date of application, provided that such building was not used as rental residential property during such period;

(2) no less than fifty percent of the gross square footage of the building following rehabilitation shall be residential;

(3) the building contains at least twenty-five thousand gross square feet;

(4) no less than fifty percent of the building was physically vacant as of January first, two thousand twenty-six;

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

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(5) the building is not listed on the state register of historic places or the national register of historic places, nor is such building located within a registered historic district and certified as being of historic significance to such district;

(6) the substantial rehabilitation meets the following structural retention requirements:

(i) at least fifty percent of the existing external walls are retained in place as external walls;

(ii) at least seventy-five percent of the existing external walls are retained in place as either external walls or internal walls; and

(iii) at least seventy-five percent of the existing internal structural framework remains in place; and

(7) the qualified rehabilitation expenditures for such project are not less than two million five hundred thousand dollars.

(c) Qualified rehabilitation expenditures. For purposes of this section, "qualified rehabilitation expenditures" shall have the same meaning as set forth in section 47(c)(2) of the internal revenue code, as amended, and applicable regulations promulgated thereunder.

(d) Limitation on credit amount. The credit allowed under this section shall not exceed five million dollars per qualified office to residential conversion project.

(e) Aggregate credit cap. The aggregate amount of credits allowed pursuant to this section shall not exceed twenty-five million dollars. The empire state development corporation shall allocate such credits among eligible taxpayers in such manner as the corporation shall determine, giving due consideration to the order in which applications are received, the potential economic impact of the proposed projects, and such other factors as the corporation deems appropriate.

(f) Administration. The empire state development corporation shall administer the credit provided under this section. The empire state development corporation, in consultation with the commissioner, shall promulgate such rules and regulations as may be necessary to implement the provisions of this section, including but not limited to application procedures, documentation requirements, and standards for certification of qualified projects.

(g) Coordination with other credits. A taxpayer who claims a credit under this section with respect to any property shall not be allowed a credit under section forty-one of this article or section two hundred ten-B of this chapter with respect to the same property.

§ 2. Section 210-B of the tax law is amended by adding a new subdivision 63 to read as follows:

63. Additional historic rehabilitation credit for office to residential conversions. (a) General. In addition to any credit allowed under subdivision forty-one of this section, a taxpayer shall be allowed an additional credit against the tax imposed by this article in an amount equal to ten percent of the qualified rehabilitation expenditures, as defined in subdivision forty-one of this section, paid or incurred by the taxpayer with respect to a qualified historic office to residential conversion project. Such credit shall be refundable in accordance with the provisions of section one thousand eighty-five of this chapter.

(b) Qualified historic office to residential conversion project. For purposes of this subdivision, a "qualified historic office to residential conversion project" shall mean the substantial rehabilitation of a certified historic structure, as defined in section 47(c)(3) of the internal revenue code, as amended, that meets the following requirements:

(1) the building is located in a city, town, or village with a population under one million residents and was placed in service as a non-residential or other income-producing property within the ten years preceding the date of application, provided that such building was not used as rental residential property during such period;

(2) no less than fifty percent of the gross square footage of the building following rehabilitation shall be residential;

(3) the building contains at least twenty-five thousand gross square feet;

(4) no less than fifty percent of the building was physically vacant as of January first, two thousand twenty-six;

(5) the building is listed on the national register of historic places or is located within a registered historic district and certified by the Secretary of the Interior as being of historic significance to such district;

(6) the rehabilitation is certified by the state historic preservation office as consistent with the historic character of such property or the registered historic district in which such property is located; and

(7) the qualified rehabilitation expenditures for such project are not less than two million five hundred thousand dollars.

(c) Limitation on credit amount. The credit allowed under this subdivision shall not exceed five million dollars per qualified historic office to residential conversion project.

(d) Aggregate credit cap. The aggregate amount of credits allowed pursuant to this subdivision shall not exceed twenty-five million dollars. The state historic preservation office shall allocate such credits among eligible taxpayers in such manner as such office shall determine, giving due consideration to the order in which applications are received, the historic significance of the proposed projects, and such other factors as such office deems appropriate.

(e) Administration. The state historic preservation office shall administer the credit provided under this subdivision. Such office, in consultation with the commissioner, shall promulgate such rules and regulations as may be necessary to implement the provisions of this subdivision, including but not limited to, application procedures, certification standards, documentation requirements, and standards for determining consistency with historic preservation standards.

(f) Coordination with other credits. A taxpayer who claims a credit under this subdivision shall not be allowed a credit under section thirty-six-a of this chapter with respect to the same property. The credit under this subdivision may be claimed in addition to any credit allowed under subdivision forty-one of this section with respect to the same property.

§ 3. This act shall take effect on the first of January next succeeding the date on which it shall have become a law, shall apply to qualified rehabilitation expenditures paid or incurred on or after such date; and shall expire and be deemed repealed ten years after such date.