

STATE OF NEW YORK

9259

IN SENATE

February 19, 2026

Introduced by Sen. FAHY -- read twice and ordered printed, and when printed to be committed to the Committee on Investigations and Government Operations

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:

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

3 § 36-a. Office to residential conversion tax credit. (a) General. A
4 taxpayer shall be allowed a credit against the tax imposed by this arti-
5 cle in an amount equal to ten percent of the qualified rehabilitation
6 expenditures, as defined in subdivision (c) of this section, paid or
7 incurred by the taxpayer with respect to any qualified office to resi-
8 dential conversion project, as defined in subdivision (b) of this
9 section. Such credit shall be refundable in accordance with the
10 provisions of section six hundred eighty-six of this chapter.

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

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

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

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

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

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

LBD14451-02-6

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

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

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

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

11 (iii) at least seventy-five percent of the existing internal struc-
12 tural framework remains in place; and

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

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

19 (d) Limitation on credit amount. The credit allowed under this section
20 shall not exceed five million dollars per qualified office to residen-
21 tial conversion project.

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

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

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

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

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

51 (b) Qualified historic office to residential conversion project. For
52 purposes of this subdivision, a "qualified historic office to residen-
53 tial conversion project" shall mean the substantial rehabilitation of a
54 certified historic structure, as defined in section 47(c)(3) of the
55 internal revenue code, as amended, that meets the following require-
56 ments:

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

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

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

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

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

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

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

21 (c) Limitation on credit amount. The credit allowed under this subdivi-
22 vision shall not exceed five million dollars per qualified historic
23 office to residential conversion project.

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

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

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

44 § 3. This act shall take effect on the first of January next succeed-
45 ing the date on which it shall have become a law, shall apply to quali-
46 fied rehabilitation expenditures paid or incurred on or after such date;
47 and shall expire and be deemed repealed ten years after such date.