S T A T E O F N E W Y O R K

S. 233 A. 345

2009-2010 Regular Sessions

S E N A T E - A S S E M B L Y

(PREFILED)

January 7, 2009

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

IN ASSEMBLY -- Introduced by M. of A. THIELE -- read once and referred to the Committee on Ways and Means

AN ACT to amend the tax law, in relation to establishing a mortgage interest credit against personal income tax

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Section 606 of the tax law is amended by adding a new subsection (m-1) to read as follows:

(M-1) MORTGAGE INTEREST CREDIT. (1) A TAXPAYER SHALL BE ALLOWED A CREDIT AGAINST THE TAX IMPOSED BY SECTION SIX HUNDRED ONE OF THIS PART FOR INTEREST PAID ON A MORTGAGE BY A TAXPAYER ON A PRINCIPAL RESIDENCE LOCATED WITHIN THE STATE OF NEW YORK. ANY TAX CREDIT NOT USED IN THE TAXABLE YEAR IN WHICH THE RESIDENCE WAS PURCHASED MAY BE CARRIED FORWARD UNTIL THE FULL CREDIT HAS BEEN ALLOWED.

(2) THE AGGREGATE AMOUNT OF THE TAX CREDIT ALLOWED UNDER THIS SUBSECTION SHALL NOT EXCEED TWENTY PERCENT OF THE INTEREST PAID ON SUCH MORTGAGE DURING THE TAXABLE YEAR, OR FIVE THOUSAND DOLLARS, WHICHEVER IS LESS.

(3) THE PROVISIONS OF THIS SUBSECTION SHALL ONLY APPLY TO A TAXPAYER WHOSE HOUSEHOLD INCOME IS EQUAL TO OR BELOW THE MEDIAN HOUSEHOLD INCOME IN THE COUNTY IN WHICH THE RESIDENCE IS LOCATED.

(4) THE PROVISIONS OF THIS SUBSECTION SHALL ONLY APPLY TO A TAXPAYER WHO HAS NOT OWNED A PRINCIPAL RESIDENCE WITHIN THE PRECEDING FIVE YEARS OF THE PURCHASE OF THE RESIDENCE FOR WHICH THE CREDIT IS CLAIMED.

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

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(5) THE CREDIT PROVIDED FOR BY THIS SUBSECTION SHALL NOT BE AVAILABLE TO ANY TAXPAYER WITH A MORTGAGE ON THE PRINCIPAL RESIDENCE WHICH IS GUARANTEED BY THE STATE OF NEW YORK MORTGAGE AGENCY.

(6) WHERE THE TAXPAYER ELECTS TO TAKE THE CREDIT AUTHORIZED BY THIS SUBSECTION, THE TAXPAYER SHALL NOT ALSO ELECT TO DEDUCT SUCH EXPENSES UNDER SECTION SIX HUNDRED FIFTEEN OF THIS ARTICLE.

S 2. This act shall take effect immediately.