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

10914

I N A S S E M B L Y

April 29, 2010

Introduced by M. of A. TEDISCO -- Multi-Sponsored by -- M. of A. BUTLER, CROUCH, FITZPATRICK, HAWLEY, QUINN, THIELE -- read once and referred to the Committee on Real Property Taxation

AN ACT to amend the real property tax law, in relation to establishing a city state-supported tax relief exemption and a county state-supported tax relief exemption; to amend the tax law and the general municipal law, in relation to tax credits for investments in empire zone businesses; to amend the tax law, in relation to tax credits for qualified investments in empire zone businesses and a personal income tax credit for certain lease payments and improvements made by an empire zone taxpayer; and to amend the general municipal law, in relation to designation of city empire zones and empire zone capital corporations, and to establish a municipal cooperation program

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

Section 1. The real property tax law is amended by adding two new sections 425-b and 425-c to read as follows:

S 425-B. CITY STATE-SUPPORTED TAX RELIEF (CITYSTAR) EXEMPTION. 1. REAL PROPERTY SITUATE IN A CITY AND OWNED BY AN OWNER OR OWNERS GRANTED THE SCHOOL TAX RELIEF EXEMPTION, PURSUANT TO SECTION FOUR HUNDRED TWENTY-FIVE OF THIS TITLE, SHALL ALSO BE ELIGIBLE FOR A CITY STATE-SUPPORTED REAL PROPERTY TAX EXEMPTION PURSUANT TO THIS SECTION FOR CITY TAX YEARS COMMENCING ON OR AFTER JANUARY FIRST, TWO THOUSAND THIRTEEN, IF SUCH CITY MEETS THE FOLLOWING CRITERIA:

(A) THE CITY HAS A POPULATION OF LESS THAN ONE MILLION, AS DETERMINED BY THE LATEST FEDERAL DECENNIAL CENSUS;

(B) THE LEGISLATIVE BODY OF SUCH CITY APPROVES A RESOLUTION PROVIDING FOR SUCH CITY TAX RELIEF EXEMPTION;

(C) (1) INCREASES IN TOTAL CITY EXPENDITURES DURING THE CURRENT YEAR DO NOT EXCEED THE LESSER OF (I) ONE HUNDRED TWENTY PER CENTUM OF THE TOTAL CITY EXPENDITURES FOR THE BASE YEAR MULTIPLIED BY THE CONSUMER PRICE INDEX, OR (II) FOUR PERCENT.

(2) FOR THE PURPOSES OF SUBPARAGRAPH ONE OF THIS PARAGRAPH, TOTAL CITY EXPENDITURES SHALL NOT INCLUDE:

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

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(I) EXPENDITURES RESULTING FROM TAX CERTIORARI PROCEEDINGS,
(II) EXPENDITURES RESULTING FROM COURT ORDERS OR JUDGMENTS AGAINST THE CITY,
(III) EMERGENCY EXPENDITURES WHICH ARE CERTIFIED BY THE STATE COMPTROLLER AS NECESSARY AS A RESULT OF DAMAGE TO OR DESTRUCTION OF A CITY BUILDING OR EQUIPMENT,
(IV) CAPITAL EXPENDITURES FOR THE CONSTRUCTION, ACQUISITION, RECONSTRUCTION, REHABILITATION OR IMPROVEMENT OF CITY FACILITIES, INCLUDING DEBT SERVICE AND LEASE COSTS,
(V) EXPENDITURES ATTRIBUTABLE TO PROJECTED INCREASES IN CONSTRUCTION COSTS,
(VI) NONRECURRING EXPENDITURES IN A PRIOR CITY FISCAL YEAR, AND
(VII) EXPENDITURES INCURRED DUE TO MERGERS OR SERVICE CONSOLIDATIONS BETWEEN THE CITY AND ANY OTHER MUNICIPALITY DURING THE FISCAL YEAR IN WHICH SUCH MERGER OR CONSOLIDATION OCCURS;

(D) THE CITY BUDGET ADOPTED BY THE CITY LEGISLATIVE BODY INCLUDES A STATEMENT OF THE PROJECTED PERCENTAGE OF INCREASE OR DECREASE IN TOTAL SPENDING DURING THE FISCAL YEAR, AND STATING THE REASONS FOR EXCLUDING ANY INCREASE IN SPENDING IN FORMULATION OF THE CITY BUDGET; AND

(E) NOTWITHSTANDING ANY PROVISION OF LAW TO THE CONTRARY, THE LEGISLATIVE BODY OF THE CITY SHALL NOT AMEND A FINAL BUDGET IF SUCH AMENDMENT RESULTS IN AN INCREASE IN EXCESS OF THE LIMITATION ESTABLISHED IN PARAGRAPH (C) OF THIS SUBDIVISION; EXCEPT

(1) THE INCREASED SPENDING IS THE RESULT OF AN ACTUAL INCREASE IN CONSTRUCTION COSTS ABOVE THE PROJECT COSTS THEREOF AT THE TIME THE BUDGET WAS ADOPTED; HOWEVER IF ACTUAL CONSTRUCTION COSTS ARE LESS THAN THE PROJECT COSTS, SUCH EXCESS FUNDS SHALL BE USED TO REDUCE TAXES, AND

(2) THE INCREASED SPENDING IS PAID FROM GIFTS OR GRANTS IN AID NOT INCLUDED IN THE BUDGET.

2. THE TAX RELIEF EXEMPTION PROVIDED BY THIS SECTION SHALL BE EQUAL TO THE EXEMPTION GRANTED TO THE OWNER OR OWNERS PURSUANT TO SECTION FOUR HUNDRED TWENTY-FIVE OF THIS TITLE FOR THE TWO THOUSAND FOURTEEN--TWO THOUSAND FIFTEEN SCHOOL YEAR.

3. NOT LATER THAN SEVEN DAYS AFTER THE ADOPTION OF A BUDGET, EACH CITY SHALL TRANSMIT A STATEMENT TO THE STATE COMPTROLLER, DESCRIBING THE TAX REVENUE LOST DURING THAT FISCAL YEAR DUE TO THE IMPLEMENTATION OF THE PROVISIONS OF THIS SECTION. THE STATE COMPTROLLER SHALL CERTIFY THE VALIDITY OF SUCH LOSSES WITHIN THIRTY DAYS OF RECEIPT OF SUCH STATEMENT. UPON SUCH VALIDATION THE STATE COMPTROLLER SHALL PROVIDE FUNDS TO THE CITY WITHIN THIRTY DAYS.

4. THE STATE SHALL APPROPRIATE AN AMOUNT EQUAL TO FORTY-FIVE AND ONE-HALF PERCENT OF THE FUND APPROPRIATED BY THE STATE FOR THE IMPLEMENTATION OF THE PROVISIONS OF THIS SECTION, WHICH SHALL BE PAID TO CITIES HAVING A POPULATION OF ONE MILLION OR MORE ACCORDING TO THE LATEST DECENNIAL FEDERAL CENSUS, AND SUCH AMOUNT SHALL BE USED TO REDUCE INCOME OR REAL PROPERTY TAXES IN SUCH CITIES AT THE CITIES' DISCRETION.

5. FOR THE PURPOSES OF THIS SECTION:

(A) "BASE YEAR" SHALL MEAN THE CITY FISCAL YEAR IMMEDIATELY PRECEDING THE COUNTY FISCAL YEAR FOR WHICH THE CITY BUDGET IS PREPARED.

(B) "CONSUMER PRICE INDEX" SHALL MEAN THE PERCENTAGE THAT REPRESENTS THE AVERAGE OF THE NATIONAL CONSUMER PRICE INDEXES DETERMINED BY THE UNITED STATES DEPARTMENT OF LABOR, FOR THE TWELVE MONTH PERIOD PRECEDING JANUARY FIRST OF THE CURRENT YEAR.

(C) "CURRENT YEAR" SHALL MEAN THE CALENDAR YEAR IN WHICH THE CITY BUDGET IS SUBMITTED FOR A VOTE BY THE CITY'S LEGISLATIVE BODY.

6. THE STATE SHALL APPROPRIATE ALL FUNDS NECESSARY TO MUNICIPALITIES TO ADMINISTER THE PROVISIONS OF THIS SECTION AND TO IMPLEMENT ANY LAW, REGULATION, OR RULE ADOPTED AFTER JANUARY FIRST, TWO THOUSAND TWELVE WHICH WOULD REQUIRE A MUNICIPALITY TO EXPEND ANY OF ITS AVAILABLE FUNDS.

7. NOTWITHSTANDING ANY INCONSISTENT PROVISION OF THIS SECTION, THE PROVISIONS OF PARAGRAPH (C) OF SUBDIVISION ONE OF THIS SECTION SHALL NOT APPLY TO ANY CITY WHICH DOES NOT INCREASE ITS PROPERTY TAX RATE, SALES TAX RATE, OR THE RATE OF ANY OTHER TAX, DURING ITS CURRENT BUDGET YEAR.

S 425-C. COUNTY STATE-SUPPORTED TAX RELIEF (COUNTYSTAR) EXEMPTION. 1. REAL PROPERTY SITUATE IN A COUNTY AND OWNED BY AN OWNER OR OWNERS GRANTED THE SCHOOL TAX RELIEF EXEMPTION, PURSUANT TO SECTION FOUR HUNDRED TWENTY-FIVE OF THIS TITLE, AND NOT RECEIVING THE TAX EXEMPTION ESTABLISHED BY SECTION FOUR HUNDRED TWENTY-FIVE-B OF THIS TITLE SHALL ALSO BE ELIGIBLE FOR A COUNTY REAL PROPERTY TAX EXEMPTION PURSUANT TO THIS SECTION FOR COUNTY TAX YEARS COMMENCING ON OR AFTER JANUARY FIRST, TWO THOUSAND THIRTEEN, IF SUCH COUNTY MEETS THE FOLLOWING CRITERIA:

(A) THE LEGISLATIVE BODY OF SUCH COUNTY APPROVES A RESOLUTION PROVIDING FOR SUCH TAX RELIEF EXEMPTION;

(B) (1) INCREASES IN TOTAL COUNTY EXPENDITURES DURING THE CURRENT YEAR DO NOT EXCEED THE LESSER OF (I) ONE HUNDRED TWENTY PER CENTUM OF THE TOTAL COUNTY EXPENDITURES FOR THE BASE YEAR MULTIPLIED BY THE CONSUMER PRICE INDEX, OR (II) FOUR PERCENT.

(2) FOR THE PURPOSES OF SUBPARAGRAPH ONE OF THIS PARAGRAPH, TOTAL COUNTY EXPENDITURES SHALL NOT INCLUDE:

(I) EXPENDITURES RESULTING FROM TAX CERTIORARI PROCEEDINGS,

(II) EXPENDITURES RESULTING FROM COURT ORDERS OR JUDGMENTS AGAINST THE COUNTY,

(III) EMERGENCY EXPENDITURES WHICH ARE CERTIFIED BY THE STATE COMPTROLLER AS NECESSARY AS A RESULT OF DAMAGE TO OR DESTRUCTION OF A COUNTY BUILDING OR EQUIPMENT,

(IV) CAPITAL EXPENDITURES FOR THE CONSTRUCTION, ACQUISITION, RECONSTRUCTION, REHABILITATION OR IMPROVEMENT OF COUNTY FACILITIES, INCLUDING DEBT SERVICE AND LEASE COSTS,

(V) EXPENDITURES ATTRIBUTABLE TO PROJECTED INCREASES IN CONSTRUCTION COSTS,

(VI) NONRECURRING EXPENDITURES IN A PRIOR COUNTY FISCAL YEAR, AND

(VII) EXPENDITURES INCURRED DUE TO MERGERS OR SERVICE CONSOLIDATIONS BETWEEN THE COUNTY AND ANY OTHER MUNICIPALITY DURING THE FISCAL YEAR IN WHICH SUCH MERGER OR CONSOLIDATION OCCURS;

(C) THE COUNTY BUDGET ADOPTED BY THE CITY LEGISLATIVE BODY INCLUDES A STATEMENT OF THE PROJECTED PERCENTAGE OF INCREASE OR DECREASE IN TOTAL SPENDING DURING THE FISCAL YEAR, AND STATING THE REASONS FOR EXCLUDING ANY INCREASE IN SPENDING IN FORMULATION OF THE COUNTY BUDGET; AND

(D) NOTWITHSTANDING ANY PROVISION OF LAW TO THE CONTRARY, THE LEGISLATIVE BODY OF THE COUNTY SHALL NOT AMEND A FINAL BUDGET IF SUCH AMENDMENT RESULTS IN AN INCREASE IN EXCESS OF THE LIMITATION ESTABLISHED IN PARAGRAPH (B) OF THIS SUBDIVISION; EXCEPT

(1) THE INCREASED SPENDING IS THE RESULT OF AN ACTUAL INCREASE IN CONSTRUCTION COSTS ABOVE THE PROJECT COSTS THEREOF AT THE TIME THE BUDGET WAS ADOPTED; HOWEVER IF ACTUAL CONSTRUCTION COSTS ARE LESS THAN THE PROJECT COSTS, SUCH EXCESS FUNDS SHALL BE USED TO REDUCE TAXES, AND

(2) THE INCREASED SPENDING IS PAID FROM GIFTS OR GRANTS IN AID NOT INCLUDED IN THE BUDGET.

2. THE TAX RELIEF EXEMPTION PROVIDED BY THIS SECTION SHALL BE EQUAL TO TWO-THIRDS OF THE EXEMPTION GRANTED TO THE OWNER OR OWNERS PURSUANT TO SECTION FOUR HUNDRED TWENTY-FIVE OF THIS TITLE FOR THE TWO THOUSAND

FOURTEEN--TWO THOUSAND FIFTEEN SCHOOL YEAR BUT IN NO CASE SHALL THE VALUE OF THE EXEMPTION BE LESS THAN ONE-HALF OF ONE PERCENT OF THE TWO-THIRDS OF THE EXEMPTION GRANTED TO THE OWNER OR OWNERS PURSUANT TO SECTION FOUR HUNDRED TWENTY-FIVE OF THIS TITLE FOR THE TWO THOUSAND THIRTEEN--TWO THOUSAND FOURTEEN SCHOOL YEAR.

3. NOT LATER THAN SEVEN DAYS AFTER THE ADOPTIONS OF A BUDGET, EACH COUNTY SHALL TRANSMIT A STATEMENT TO THE STATE COMPTROLLER DESCRIBING THE TAX REVENUE LOST DURING THAT FISCAL YEAR DUE TO THE IMPLEMENTATION OF THE PROVISIONS OF THIS SECTION. THE STATE COMPTROLLER SHALL CERTIFY THE VALIDITY OF SUCH LOSSES WITHIN THIRTY DAYS OF RECEIPT OF SUCH STATEMENT. UPON SUCH VALIDATION THE STATE COMPTROLLER SHALL PROVIDE FUNDS TO THE COUNTY WITHIN THIRTY DAYS.

4. FOR THE PURPOSES OF THIS SECTION:

(A) "BASE YEAR" SHALL MEAN THE COUNTY FISCAL YEAR IMMEDIATELY PRECEDING THE COUNTY FISCAL YEAR FOR WHICH THE COUNTY BUDGET IS PREPARED.

(B) "CONSUMER PRICE INDEX" SHALL MEAN THE PERCENTAGE THAT REPRESENTS THE AVERAGE OF THE NATIONAL CONSUMER PRICE INDEXES DETERMINED BY THE UNITED STATES DEPARTMENT OF LABOR, FOR THE TWELVE MONTH PERIOD PRECEDING JANUARY FIRST OF THE CURRENT YEAR.

(C) "CURRENT YEAR" SHALL MEAN THE CALENDAR YEAR IN WHICH THE COUNTY BUDGET IS SUBMITTED FOR A VOTE BY THE COUNTY'S LEGISLATIVE BODY.

5. THE STATE SHALL APPROPRIATE ALL FUNDS NECESSARY TO MUNICIPALITIES TO ADMINISTER THE PROVISIONS OF THIS SECTION AND TO IMPLEMENT ANY LAW, REGULATION, OR RULE ADOPTED AFTER JANUARY FIRST, TWO THOUSAND TWELVE WHICH WOULD REQUIRE A MUNICIPALITY TO EXPEND ANY OF ITS AVAILABLE FUNDS.

6. NOTWITHSTANDING ANY INCONSISTENT PROVISION OF THIS SECTION, THE PROVISIONS OF PARAGRAPH (C) OF SUBDIVISION ONE OF SECTION FOUR HUNDRED TWENTY-FIVE-B OF THIS TITLE SHALL NOT APPLY TO ANY CITY WHICH DOES NOT INCREASE ITS PROPERTY TAX RATE, SALES TAX RATE, OR THE RATE OF ANY OTHER TAX, DURING ITS CURRENT BUDGET YEAR.

S 2. Paragraph (a) of subdivision 20 of section 210 of the tax law, as amended by chapter 161 of the laws of 2005, is amended to read as follows:

(a) A taxpayer shall be allowed a credit against the tax imposed by this article. The amount of the credit shall be equal to twenty-five percent of the sum of the following investments and contributions made during the taxable year and certified by the commissioner of economic development: (1) for taxable years beginning before January first, two thousand five, qualified investments made in, or contributions in the form of donations made to, one or more empire zone capital corporations established pursuant to section nine hundred sixty-four of the general municipal law prior to January first, two-thousand five, (2) qualified investments in certified zone businesses which during the twelve month period immediately preceding the month in which such investment is made employed full-time within the state an average number of individuals, excluding general executive officers, of two hundred fifty or fewer, computed pursuant to the provisions of subparagraph three of paragraph (b) of subdivision nineteen of this section, [except for investments made by or on behalf of an owner of the business, including, but not limited to, a stockholder, partner or sole proprietor, or any related person, as defined in subparagraph (C) of paragraph three of subsection (b) of section four hundred sixty-five of the internal revenue code,] and (3) contributions IN THE FORM of money OR PROPERTY to community development projects as defined in regulations promulgated by the commissioner of economic development. "Qualified investments" means the contribution of property to a corporation in exchange for original issue

capital stock or other ownership interest, the contribution of property to a partnership in exchange for an interest in the partnership, and similar contributions in the case of a business entity not in corporate or partnership form in exchange for an ownership interest in such entity. The total amount of credit allowable to a taxpayer under this provision for all years, taken in the aggregate, shall not exceed three hundred thousand dollars[, and shall not exceed one hundred thousand dollars with respect to the investments and contributions described in each of subparagraphs one, two and three of this paragraph].

S 3. Paragraph 3 of subsection (j) of section 606 of the tax law, as amended by chapter 637 of the laws of 2008, is amended to read as follows:

(3) A taxpayer shall not be allowed a credit under this subsection with respect to any tangible personal property and other tangible property, including buildings and structural components of buildings, which it leases to any other person or corporation except where a taxpayer leases property to an affiliated regulated broker, dealer, or registered investment adviser that uses such property in accordance with clause (iv) or (v) of subparagraph (E) of paragraph two of this subsection. PROVIDED, HOWEVER, A TAXPAYER CERTIFIED PURSUANT TO ARTICLE EIGHTEEN-B OF THE GENERAL MUNICIPAL LAW, WHO ENTERS INTO A LEASE FOR NOT LESS THAN TEN YEARS, SHALL BE ELIGIBLE FOR A TAX CREDIT PURSUANT TO THIS SUBSECTION FOR LEASE PAYMENTS ON AND IMPROVEMENTS TO THE EMPIRE ZONE BUSINESS. For purposes of [the preceding sentence] THIS PARAGRAPH, any contract or agreement to lease or rent or for a license to use such property shall be considered a lease. Provided, however, in determining whether a taxpayer shall be allowed a credit under this subsection with respect to such property, any election made with respect to such property pursuant to the provisions of paragraph eight of subsection (f) of section one hundred sixty-eight of the internal revenue code, as such paragraph was in effect for agreements entered into prior to January first, nineteen hundred eighty-four, shall be disregarded.

S 4. Paragraph 1 of subsection (l) of section 606 of the tax law, as amended by chapter 161 of the laws of 2005, is amended to read as follows:

(1) A taxpayer shall be allowed a credit against the tax imposed by this article. The amount of the credit shall be equal to twenty-five percent of the sum of the following investments and contributions made during the taxable year and certified by the commissioner of economic development: (A) for taxable years beginning before January first, two thousand five, qualified investments made in, or contributions in the form of donations made to, one or more empire zone capital corporations established pursuant to section nine hundred sixty-four of the general municipal law prior to January first, two thousand five, (B) qualified investments in certified zone businesses which during the twelve month period immediately preceding the month in which such investment is made employed full-time within the state an average number of individuals of two hundred fifty or fewer, computed pursuant to the provisions of subparagraph (C) of paragraph two of subsection (k) of this section, [except for investments made by or on behalf of an owner of the business including, but not limited to, a stockholder, partner or sole proprietor, or any related person, as defined in subparagraph (C) of paragraph three of subsection (b) of section four hundred sixty-five of the internal revenue code,] and (C) contributions of money to community development projects as defined in regulations promulgated by the commissioner of economic development. "Qualified investments" means the contribution

of property to a corporation in exchange for original issue capital stock or other ownership interest, the contribution of property to a partnership in exchange for an interest in the partnership, and similar contributions in the case of a business entity not in corporate or partnership form in exchange for an ownership interest in such entity. The total amount of credit allowable to a taxpayer under this provision for all years, taken in the aggregate, shall not exceed three hundred thousand dollars[, and shall not exceed one hundred thousand dollars with respect to the investments and contributions described in each of subparagraphs (A), (B) and (C) of this paragraph].

S 5. Subparagraphs (B) and (C) of paragraph 2 of subsection (l) of section 606 of the tax law, as amended by chapter 708 of the laws of 1993, are amended to read as follows:

(B) In the case of a husband or wife who is required to file a separate return, the limitation provided for in paragraph one of this subsection shall be fifty [thousand dollars in lieu of one hundred thousand dollars and one hundred fifty thousand dollars in lieu of three hundred thousand dollars] PERCENT OF THE INVESTMENTS OR CONTRIBUTIONS DESCRIBED IN EACH OF THE SUBPARAGRAPHS (A), (B) AND (C) OF PARAGRAPH ONE OF THIS SUBSECTION, unless the spouse of the taxpayer has no credit allowable under this subsection for the taxable year of such spouse which ends within or with the taxpayer's taxable year.

(C) In the case of an estate or trust, the limitation provided for in paragraph one of this subsection shall be reduced to an amount which bears the same ratio [to one hundred thousand dollars] OF THE INVESTMENT OR CONTRIBUTION and an amount which bears the same ratio to three hundred thousand dollars as the portion of the income of the estate or trust which is not allocated to beneficiaries bears to the total income of the estate or trust.

S 6. Subdivisions (a) and (d) of section 964 of the general municipal law, as amended by chapter 708 of the laws of 1993, and subdivision (a) as amended by section 9 of part s-1 of chapter 57 of the laws of 2009, are amended to read as follows:

(a) No more than three empire zone capital corporations may be [established] DESIGNATED in each zone for the purpose of raising funds through private and public grants, donations or investments, to be used in making investments in, and loans to, business firms certified pursuant to subdivision (a) of section nine hundred fifty-nine of this article for the purpose of encouraging the establishment or expansion of businesses and the provision of additional job opportunities within such area. PRIOR TO DESIGNATION AS A ZONE CAPITAL CORPORATION, A SEPARATE AND DISTINCT ZONE CAPITAL CORPORATION FUND SHALL BE ESTABLISHED SOLELY FOR THE RECEIPT AND DISBURSEMENT OF FUNDS PURSUANT TO THIS SUBDIVISION. A zone capital corporation may serve one or more zones within an economic development region or zones within two or more regions. Prior to the [establishment] DESIGNATION of a zone capital corporation, the zone board and the commissioner of the department of economic development shall approve the [formation] DESIGNATION of the proposed zone capital corporation, its board of directors and management, and its procedures for making, servicing and monitoring investments. In no event, however, shall an empire zone capital corporation acquire an ownership interest in any certified business firm which amounts to more than twenty-five percent of the ownership interest of such certified business firm. No loan to or investment in any business firm shall be made by an empire zone capital corporation located in a zone within a town with a population of more than twenty-five thousand, until such corporation has

accumulated at least two hundred thousand dollars in capital stock. No loan or investment in any business firm shall be made by an empire zone capital corporation located in a zone within a town with a population of less than twenty-five thousand until such corporation has accumulated at least one hundred thousand dollars in capital stock. A zone capital corporation shall submit to the zone board an annual report on its activities.

(d) The total amount of tax credits available to each zone pursuant to subdivision twenty of section two hundred ten, subsection (l) of section six hundred six, subsection (d) of section fourteen hundred fifty-six and subdivision (h) of section fifteen hundred eleven of the tax law, shall be two million five hundred thousand dollars, (provided, however, that in no event shall the credits available in any zone exceed five hundred thousand dollars in the case of qualified investments in certified zone businesses as described in such subdivisions and subsections). Apportionment of credits within a zone between capital investments in and contributions to zone capital corporations, direct investments in certified zone businesses or contributions to community development projects will be determined and accounted for by the local zone administrative board in consultation with the zone administrative entity, subject to regulations promulgated by the commissioner of the department of economic development. Credits not used by a zone within four years of their apportionment may, after a public hearing, be reallocated pursuant to regulations promulgated by the commissioner. Certifications under subdivision twenty of section two hundred ten, subsection (l) of section six hundred six, subsection (d) of section fourteen HUNDRED fifty-six and subdivision (h) of section fifteen hundred eleven of the tax law shall be consistent with the provisions of this subdivision.

S 7. Section 964 of the general municipal law is amended by adding a new subdivision (g) to read as follows:

(G) AN EMPIRE ZONE CAPITAL CORPORATION MAY BE CREATED AS A LIMITED LIABILITY COMPANY, AS DEFINED IN SECTION ONE HUNDRED TWO OF THE LIMITED LIABILITY COMPANY LAW.

S 8. The general municipal law is amended by adding a new section 958-a to read as follows:

S 958-A. CITY EMPIRE ZONE DESIGNATION. NOTWITHSTANDING ANY OTHER PROVISION OF THIS ARTICLE, THE ENTIRE AREA OF EVERY CITY WITH A POPULATION OF LESS THAN ONE MILLION SHALL BE DESIGNATED AS AN EMPIRE ZONE, WITH ALL OF THE BENEFITS WHICH ACCRUE TO SUCH ZONES, EXCLUDING ANY PART OF SUCH CITY WHICH IS PART OF AN EXISTING EMPIRE ZONE. THE ENTIRE AREA OF AN EMPIRE ZONE ESTABLISHED PURSUANT TO SECTION NINE HUNDRED FIFTY-EIGHT OF THIS ARTICLE WHICH IS LOCATED EITHER IN WHOLE OR IN PART WITHIN SUCH CITIES SHALL BE DESIGNATED AS AN ENHANCED EMPIRE ZONE. THE TAX BENEFITS PROVIDED TO BUSINESSES WITHIN AN ENHANCED EMPIRE ZONE SHALL BE EQUAL TO ONE HUNDRED FIFTY PERCENT OF BENEFITS PROVIDED TO BUSINESSES IN EMPIRE ZONES UNDER THE TAX LAW.

S 9. The general municipal law is amended by adding a new article 2-A to read as follows:

ARTICLE 2-A

MUNICIPAL COOPERATION PROGRAM

SECTION 25. MUNICIPAL COOPERATION PROGRAM.

S 25. MUNICIPAL COOPERATION PROGRAM. 1. THERE ARE HEREBY ESTABLISHED A STATE CONFERENCE ON MUNICIPAL COOPERATION AND EIGHT REGIONAL COMMISSIONS ON MUNICIPAL COOPERATION. THE REGIONAL COMMISSIONS SHALL BE AS FOLLOWS AND SHALL CONSIST OF THE FOLLOWING COUNTIES:

(A) LONG ISLAND - NEW YORK: BRONX, KINGS, NASSAU, NEW YORK, QUEENS, RICHMOND AND SUFFOLK.
(B) HUDSON VALLEY: DUTCHESS, ORANGE, PUTNAM, ROCKLAND, SULLIVAN, ULSTER AND WESTCHESTER.
(C) CAPITAL: COLUMBIA, GREENE, ALBANY, SCHOHARIE, RENSSELAER, SCHENECTADY, MONTGOMERY, FULTON, SARATOGA AND WASHINGTON.
(D) NORTH COUNTRY: WARREN, ESSEX, CLINTON, FRANKLIN, HAMILTON, SAINT LAWRENCE, LEWIS, OSWEGO AND JEFFERSON.
(E) CENTRAL - MOHAWK VALLEY: OTSEGO, HERKIMER, ONEIDA, MADISON, CORTLAND, ONONDAGA AND CAYUGA.
(F) SOUTHERN TIER: DELAWARE, BROOME, CHENANGO, TIOGA, TOMPKINS, SCHUYLER, CHEMUNG, ALLEGANY AND STEUBEN.
(G) FINGER LAKES: WAYNE, SENECA, YATES, ONTARIO, LIVINGSTON AND MONROE.
(H) WESTERN: CATTARAUGUS, CHAUTAUQUA, ERIE, WYOMING, GENESEE, ORLEANS AND NIAGARA.
2. (A) THE STATE CONFERENCE ON MUNICIPAL COOPERATION SHALL CONSIST OF NINE MEMBERS. THE SECRETARY OF STATE SHALL BE A MEMBER OF THE CONFERENCE AND SHALL SERVE AS ITS CHAIR. THE VICE CHAIR OF EACH REGIONAL COMMISSION SHALL SERVE AS A MEMBER OF THE STATE CONFERENCE ON MUNICIPAL COOPERATION.
(B) THE STATE CONFERENCE SHALL ALLOCATE FUNDS PURSUANT TO THIS SECTION TO EACH REGIONAL COMMISSION. THE STATE CONFERENCE SHALL PROMULGATE ANY RULES AND REGULATIONS NECESSARY TO IMPLEMENT THE PROVISIONS OF THIS SECTION; HOWEVER SUCH RULES AND REGULATIONS, AND ANY CHANGES THERETO SHALL NOT TAKE EFFECT UNTIL APPROVED BY A MAJORITY VOTE OF THE GOVERNOR, TEMPORARY PRESIDENT OF THE SENATE, SPEAKER OF THE ASSEMBLY, MINORITY LEADER OF THE SENATE AND MINORITY LEADER OF THE ASSEMBLY.
3. (A) EACH REGIONAL COMMISSION SHALL CONSIST OF NINE MEMBERS, APPOINTED AS FOLLOWS:
(I) TWO MEMBERS SHALL BE APPOINTED BY THE GOVERNOR, ONE OF WHOM SHALL BE THE CHAIR OF THE REGIONAL COMMISSION AND THE OTHER SHALL SERVE AS VICE CHAIR,
(II) TWO MEMBERS SHALL BE APPOINTED BY THE TEMPORARY PRESIDENT OF THE SENATE,
(III) TWO MEMBERS SHALL BE APPOINTED BY THE SPEAKER OF THE ASSEMBLY,
(IV) ONE MEMBER SHALL BE APPOINTED BY THE MINORITY LEADER OF THE SENATE,
(V) ONE MEMBER SHALL BE APPOINTED BY THE MINORITY LEADER OF THE ASSEMBLY, AND
(VI) ONE MEMBER SHALL BE APPOINTED BY THE STATE COMPTROLLER.
(B) EACH REGIONAL COMMISSION MAY CONDUCT BUSINESS WITH A QUORUM OF MEMBERS IN OFFICE AT THE TIME.
(C) EACH MEMBER OF A REGIONAL COMMISSION SHALL SERVE AT THE PLEASURE OF HIS OR HER APPOINTING AUTHORITY.
(D) MEMBERS OF REGIONAL COMMISSIONS SHALL RECEIVE NO COMPENSATION FOR THEIR SERVICE BUT SHALL BE ALLOWED THEIR ACTUAL AND NECESSARY EXPENSES INCURRED IN THE PERFORMANCE OF THEIR DUTIES.
(E) EVERY MEMBER OF A REGIONAL COMMISSION SHALL RESIDE WITHIN THE REGION REGULATED BY THE REGIONAL COMMISSION UPON WHICH HE OR SHE SERVES.
(F) EVERY MEMBER OF A REGIONAL COMMISSION WHO IS AN ELECTED OFFICIAL SHALL RECUSE HIMSELF OR HERSELF FROM ANY MEETING OF THE COMMISSION DEALING DIRECTLY WITH AN ISSUE IMPACTING UPON THE MUNICIPALITY WHICH ELECTED SUCH MEMBER.
(G) A TWO-THIRDS MAJORITY OF EACH REGIONAL COMMISSION SHALL APPOINT AN EXECUTIVE DIRECTOR, WHO SHALL CONDUCT THE BUSINESS OF SUCH REGIONAL

COMMISSION UNDER THE SUPERVISION OF THE REGIONAL COMMISSION. THE EXECUTIVE DIRECTOR SHALL ALSO BE AUTHORIZED TO HIRE SUCH ADDITIONAL STAFF AS NECESSARY TO EXECUTE THE WORK OF THE REGIONAL COMMISSION. THE EXECUTIVE DIRECTOR MAY BE REMOVED ONLY BY A THREE-QUARTERS VOTE OF THE MEMBERS OF THE REGIONAL COMMISSION.

(H) THE PURPOSE OF THE REGIONAL COMMISSIONS SHALL BE TO:

(I) INCREASE COMMUNICATION BETWEEN LOCAL GOVERNMENTS TO DISCUSS SHARED SERVICES, CONSOLIDATION, AND THE MERGER OF LOCAL GOVERNMENTS,

(II) PROVIDE TECHNICAL AND FINANCIAL ASSISTANCE AND TRAINING TO LOCAL GOVERNMENTS, AND

(III) IDENTIFY STATE AND LOCAL LAWS WHICH MUST BE CHANGED TO ACHIEVE BUDGETARY AND PROPERTY TAX SAVINGS THROUGH SHARING ARRANGEMENTS.

(I) THE REGIONAL COMMISSIONS MAY AWARD GRANTS TO LOCAL GOVERNMENTS WHICH SEEK TO WORK TOGETHER TO ACHIEVE SAVINGS. EACH REGIONAL COMMISSION SHALL PROVIDE GRANTS IN THE FOLLOWING MANNER: TWENTY PERCENT OF ALL FUNDS AVAILABLE FOR THE PROVISION OF GRANTS SHALL BE USED FOR RESEARCH GRANTS, TEN PERCENT FOR IMPLEMENTATION GRANTS, AND SEVENTY PERCENT FOR COOPERATION REWARD GRANTS. A REGIONAL COMMISSION MAY ALTER THIS ALLOCATION WITH THE APPROVAL OF AT LEAST TWO-THIRDS OF ITS MEMBERS.

4. RESEARCH GRANTS. EACH REGIONAL COMMISSION SHALL SEEK TO PROVIDE THE ASSISTANCE NECESSARY TO RESEARCH THE EFFICACY OF COOPERATIVE EFFORTS BETWEEN LOCALITIES. IF SUCH RESEARCH IS BEYOND THE SCOPE OF THE COMMISSION, THEN THE LOCALITIES MAY SEEK A FIFTY PERCENT MATCHING GRANT FROM THE REGIONAL COMMISSION TO HIRE A PUBLIC, PRIVATE OR ACADEMIC ENTITY TO CONDUCT SUCH RESEARCH. THE PROVISION OF ANY RESEARCH GRANT, AND THE ENTITY WHICH SHALL CONDUCT THE RESEARCH, SHALL BE SUBJECT TO APPROVAL BY THE REGIONAL COMMISSION.

5. IMPLEMENTATION GRANTS. MUNICIPALITIES WHICH HAVE CHOSEN TO EXECUTE THE COOPERATIVE EFFORT, SHALL IDENTIFY COSTS OF IMPLEMENTING THE EFFORT AND REQUEST A GRANT FROM THE REGIONAL COMMISSION. COSTS ELIGIBLE FOR GRANTS MAY INCLUDE, BUT SHALL NOT BE LIMITED TO: EARLY RETIREMENT OR RESIGNATION INCENTIVES; PURCHASES OF BUILDINGS OR EQUIPMENT; OR HIRING OF TEMPORARY EMPLOYEES TO ASSIST IN CONSOLIDATION. SUCH GRANTS SHALL BE SUBJECT TO APPROVAL BY THE REGIONAL COMMISSION. IMPLEMENTATION GRANTS SHALL BE AWARDED IN THE FOLLOWING MANNER:

(A) GRANTS TO FUND THE CONSOLIDATION OF SERVICES BETWEEN MUNICIPALITIES OR THE PROVISION OF SERVICES FROM ONE MUNICIPALITY TO ANOTHER. SUCH GRANTS SHALL EQUAL FIFTY PERCENT OF THE COSTS ASSOCIATED WITH SUCH MERGER OR CONSOLIDATION; AND

(B) GRANTS TO FUND MERGERS BETWEEN MUNICIPALITIES. SUCH GRANTS SHALL NOT EXCEED ONE HUNDRED PERCENT OF THE COSTS ASSOCIATED WITH SUCH MERGER.

6. COOPERATION REWARD GRANTS. (A) THE REGIONAL COMMISSION MAY AWARD GRANTS TO MUNICIPALITIES WHICH HAVE ELECTED TO EXECUTE A COOPERATIVE EFFORT. MUNICIPALITIES WHICH HAVE ELECTED TO EXECUTE A COOPERATIVE EFFORT SHALL IDENTIFY ONE OF THE PARTICIPATING MUNICIPALITIES, WHICH SHALL ACT AS A LEAD AGENT, WHICH SHALL IDENTIFY THE SAVINGS WHICH ARE EXPECTED TO ACCRUE TO THE MUNICIPALITIES AND REQUEST A GRANT IN THE AMOUNT DETERMINED PURSUANT TO THIS SUBDIVISION, AND SUBMIT A REPORT TO THEIR REGIONAL COMMISSION, WHICH SHALL BE REVIEWED AND ADJUSTED ACCORDINGLY BY THE REGIONAL COMMISSION. AT THAT TIME, THE REGIONAL COMMISSION MAY APPROVE OR REJECT THE GRANT APPLICATION ACCORDING TO APPLICABLE PROVISIONS OF THIS SECTION AND ANY APPLICABLE RULES OR REGULATIONS WHICH MAY BE PROMULGATED BY THE STATE CONFERENCE AND APPROVED BY MAJORITY VOTE OF THE GOVERNOR AND LEGISLATIVE LEADERS.

(B) IF APPROVED, AFTER THE END OF THE FIRST YEAR OF THE CONSOLIDATION, THE LEAD AGENT SHALL PRODUCE A REPORT WHICH SHALL STATE THE SAVINGS

WHICH THE MUNICIPALITIES HAVE EXPERIENCED DURING THE YEAR. THAT REPORT SHALL BE SUBMITTED TO THEIR REGIONAL COMMISSION, WHICH SHALL VALIDATE THE SAVINGS WHICH HAVE ACCRUED TO THE LOCALITIES. SUCH SAVINGS WILL BE CALCULATED BY COMPARING THE TOTAL AMOUNT SPENT FOR SERVICES WHICH HAVE BEEN CONSOLIDATED WITH THE PROJECTED COST OF THE SERVICES WHICH HAVE BEEN CONSOLIDATED IF THE CONSOLIDATION HAD NOT OCCURRED, IN THE CASE OF FUNCTIONAL CONSOLIDATIONS; OR THE COMBINED BUDGETS OF THE MERGED MUNICIPALITY, WITH THE COMBINED BUDGETS OF THE MUNICIPALITIES WHICH HAVE BEEN MERGED IF THE MERGER HAD NOT OCCURRED, IN THE CASE OF MERGERS.

(C) THE REGIONAL COMMISSION SHALL CERTIFY THE VALIDITY OF THE SAVINGS IDENTIFIED BY THE LEAD AGENT. REGIONAL COMMISSIONS MAY REQUEST THE ASSISTANCE OF THE STATE COMPTROLLER TO VALIDATE THE SAVINGS. AFTER SUCH SAVINGS ARE VALIDATED, THE GRANT MAY BE REWARDED TO THE MUNICIPALITIES IN AN AMOUNT DETERMINED PURSUANT TO THIS SUBDIVISION.

(D) SUCH PROCESS SHALL BE REPEATED EACH YEAR, FOR A PERIOD OF FIVE YEARS IN THE CASE OF FUNCTIONAL CONSOLIDATIONS AND SEVEN YEARS IN THE CASE OF MERGERS.

(E) COOPERATION REWARD GRANTS SHALL BE DETERMINED ON THE FOLLOWING BASIS:

(I) GRANTS TO REWARD FUNCTIONAL CONSOLIDATION, I.E., CONSOLIDATION OF SERVICES BETWEEN MUNICIPALITIES. SUCH GRANTS SHALL EQUAL FIFTY PERCENT OF THE IDENTIFIED AND VALIDATED SAVINGS ASSOCIATED WITH SUCH CONSOLIDATION, AND

(II) GRANTS TO REWARD MERGERS BETWEEN MUNICIPALITIES. SUCH GRANTS SHALL NOT EXCEED ONE HUNDRED PERCENT OF THE IDENTIFIED AND VALIDATED SAVINGS ASSOCIATED WITH SUCH MERGER.

7. COOPERATION EFFORTS. NO PROVISION OF THIS ARTICLE SHALL PRECLUDE A SCHOOL DISTRICT OR SPECIAL TAX DISTRICT FROM PARTICIPATING IN CONSOLIDATION OR MERGER EFFORTS OR ACTIVITIES.

S 10. This act shall take effect on the first of January next succeeding the date on which it shall have become a law.