

2050

2011-2012 Regular Sessions

I N A S S E M B L Y

January 11, 2011

Introduced by M. of A. TEDISCO -- Multi-Sponsored by -- M. of A. BUTLER,  
CROUCH, FITZPATRICK, HAWLEY, 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:

1 Section 1. The real property tax law is amended by adding two new  
2 sections 425-b and 425-c to read as follows:  
3 S 425-B. CITY STATE-SUPPORTED TAX RELIEF (CITYSTAR) EXEMPTION. 1. REAL  
4 PROPERTY SITUATE IN A CITY AND OWNED BY AN OWNER OR OWNERS GRANTED THE  
5 SCHOOL TAX RELIEF EXEMPTION, PURSUANT TO SECTION FOUR HUNDRED  
6 TWENTY-FIVE OF THIS TITLE, SHALL ALSO BE ELIGIBLE FOR A CITY STATE-SUP-  
7 PORTED REAL PROPERTY TAX EXEMPTION PURSUANT TO THIS SECTION FOR CITY TAX  
8 YEARS COMMENCING ON OR AFTER JANUARY FIRST, TWO THOUSAND FOURTEEN, IF  
9 SUCH CITY MEETS THE FOLLOWING CRITERIA:  
10 (A) THE CITY HAS A POPULATION OF LESS THAN ONE MILLION, AS DETERMINED  
11 BY THE LATEST FEDERAL DECENNIAL CENSUS;  
12 (B) THE LEGISLATIVE BODY OF SUCH CITY APPROVES A RESOLUTION PROVIDING  
13 FOR SUCH CITY TAX RELIEF EXEMPTION;  
14 (C) (1) INCREASES IN TOTAL CITY EXPENDITURES DURING THE CURRENT YEAR  
15 DO NOT EXCEED THE LESSER OF (I) ONE HUNDRED TWENTY PER CENTUM OF THE

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

LBD02244-01-1

1 TOTAL CITY EXPENDITURES FOR THE BASE YEAR MULTIPLIED BY THE CONSUMER  
2 PRICE INDEX, OR (II) FOUR PERCENT.

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

5 (I) EXPENDITURES RESULTING FROM TAX CERTIORARI PROCEEDINGS,

6 (II) EXPENDITURES RESULTING FROM COURT ORDERS OR JUDGMENTS AGAINST THE  
7 CITY,

8 (III) EMERGENCY EXPENDITURES WHICH ARE CERTIFIED BY THE STATE COMP-  
9 TROLLER AS NECESSARY AS A RESULT OF DAMAGE TO OR DESTRUCTION OF A CITY  
10 BUILDING OR EQUIPMENT,

11 (IV) CAPITAL EXPENDITURES FOR THE CONSTRUCTION, ACQUISITION, RECON-  
12 STRUCTION, REHABILITATION OR IMPROVEMENT OF CITY FACILITIES, INCLUDING  
13 DEBT SERVICE AND LEASE COSTS,

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

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

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

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

24 (E) NOTWITHSTANDING ANY PROVISION OF LAW TO THE CONTRARY, THE LEGISLA-  
25 TIVE BODY OF THE CITY SHALL NOT AMEND A FINAL BUDGET IF SUCH AMENDMENT  
26 RESULTS IN AN INCREASE IN EXCESS OF THE LIMITATION ESTABLISHED IN PARA-  
27 GRAPH (C) OF THIS SUBDIVISION; EXCEPT

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

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

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

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

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

51 5. FOR THE PURPOSES OF THIS SECTION:

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

54 (B) "CONSUMER PRICE INDEX" SHALL MEAN THE PERCENTAGE THAT REPRESENTS  
55 THE AVERAGE OF THE NATIONAL CONSUMER PRICE INDEXES DETERMINED BY THE

1 UNITED STATES DEPARTMENT OF LABOR, FOR THE TWELVE MONTH PERIOD PRECEDING  
2 JANUARY FIRST OF THE CURRENT YEAR.

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

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

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

13 S 425-C. COUNTY STATE-SUPPORTED TAX RELIEF (COUNTYSTAR) EXEMPTION. 1.  
14 REAL PROPERTY SITUATE IN A COUNTY AND OWNED BY AN OWNER OR OWNERS GRANT-  
15 ED THE SCHOOL TAX RELIEF EXEMPTION, PURSUANT TO SECTION FOUR HUNDRED  
16 TWENTY-FIVE OF THIS TITLE, AND NOT RECEIVING THE TAX EXEMPTION ESTAB-  
17 LISHED BY SECTION FOUR HUNDRED TWENTY-FIVE-B OF THIS TITLE SHALL ALSO BE  
18 ELIGIBLE FOR A COUNTY REAL PROPERTY TAX EXEMPTION PURSUANT TO THIS  
19 SECTION FOR COUNTY TAX YEARS COMMENCING ON OR AFTER JANUARY FIRST, TWO  
20 THOUSAND FOURTEEN, IF SUCH COUNTY MEETS THE FOLLOWING CRITERIA:

21 (A) THE LEGISLATIVE BODY OF SUCH COUNTY APPROVES A RESOLUTION PROVID-  
22 ING FOR SUCH TAX RELIEF EXEMPTION;

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

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

29 (I) EXPENDITURES RESULTING FROM TAX CERTIORARI PROCEEDINGS,

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

32 (III) EMERGENCY EXPENDITURES WHICH ARE CERTIFIED BY THE STATE COMP-  
33 TROLLER AS NECESSARY AS A RESULT OF DAMAGE TO OR DESTRUCTION OF A COUNTY  
34 BUILDING OR EQUIPMENT,

35 (IV) CAPITAL EXPENDITURES FOR THE CONSTRUCTION, ACQUISITION, RECON-  
36 STRUCTION, REHABILITATION OR IMPROVEMENT OF COUNTY FACILITIES, INCLUDING  
37 DEBT SERVICE AND LEASE COSTS,

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

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

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

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

48 (D) NOTWITHSTANDING ANY PROVISION OF LAW TO THE CONTRARY, THE LEGISLA-  
49 TIVE BODY OF THE COUNTY SHALL NOT AMEND A FINAL BUDGET IF SUCH AMENDMENT  
50 RESULTS IN AN INCREASE IN EXCESS OF THE LIMITATION ESTABLISHED IN PARA-  
51 GRAPH (B) OF THIS SUBDIVISION; EXCEPT

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

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

3 2. THE TAX RELIEF EXEMPTION PROVIDED BY THIS SECTION SHALL BE EQUAL TO  
4 TWO-THIRDS OF THE EXEMPTION GRANTED TO THE OWNER OR OWNERS PURSUANT TO  
5 SECTION FOUR HUNDRED TWENTY-FIVE OF THIS TITLE FOR THE TWO THOUSAND  
6 FIFTEEN--TWO THOUSAND SIXTEEN SCHOOL YEAR BUT IN NO CASE SHALL THE VALUE  
7 OF THE EXEMPTION BE LESS THAN ONE-HALF OF ONE PERCENT OF THE TWO-THIRDS  
8 OF THE EXEMPTION GRANTED TO THE OWNER OR OWNERS PURSUANT TO SECTION FOUR  
9 HUNDRED TWENTY-FIVE OF THIS TITLE FOR THE TWO THOUSAND FOURTEEN--TWO  
10 THOUSAND FIFTEEN SCHOOL YEAR.

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

18 4. FOR THE PURPOSES OF THIS SECTION:

19 (A) "BASE YEAR" SHALL MEAN THE COUNTY FISCAL YEAR IMMEDIATELY PRECED-  
20 ING THE COUNTY FISCAL YEAR FOR WHICH THE COUNTY BUDGET IS PREPARED.

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

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

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

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

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

39 (a) A taxpayer shall be allowed a credit against the tax imposed by  
40 this article. The amount of the credit shall be equal to twenty-five  
41 percent of the sum of the following investments and contributions made  
42 during the taxable year and certified by the commissioner of economic  
43 development: (1) for taxable years beginning before January first, two  
44 thousand five, qualified investments made in, or contributions in the  
45 form of donations made to, one or more empire zone capital corporations  
46 established pursuant to section nine hundred sixty-four of the general  
47 municipal law prior to January first, two-thousand five, (2) qualified  
48 investments in certified zone businesses which during the twelve month  
49 period immediately preceding the month in which such investment is made  
50 employed full-time within the state an average number of individuals,  
51 excluding general executive officers, of two hundred fifty or fewer,  
52 computed pursuant to the provisions of subparagraph three of paragraph  
53 (b) of subdivision nineteen of this section, [except for investments  
54 made by or on behalf of an owner of the business, including, but not  
55 limited to, a stockholder, partner or sole proprietor, or any related  
56 person, as defined in subparagraph (C) of paragraph three of subsection

1 (b) of section four hundred sixty-five of the internal revenue code,]  
2 and (3) contributions IN THE FORM of money OR PROPERTY to community  
3 development projects as defined in regulations promulgated by the  
4 commissioner of economic development. "Qualified investments" means the  
5 contribution of property to a corporation in exchange for original issue  
6 capital stock or other ownership interest, the contribution of property  
7 to a partnership in exchange for an interest in the partnership, and  
8 similar contributions in the case of a business entity not in corporate  
9 or partnership form in exchange for an ownership interest in such enti-  
10 ty. The total amount of credit allowable to a taxpayer under this  
11 provision for all years, taken in the aggregate, shall not exceed three  
12 hundred thousand dollars[, and shall not exceed one hundred thousand  
13 dollars with respect to the investments and contributions described in  
14 each of subparagraphs one, two and three of this paragraph].

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

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

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

41 (1) A taxpayer shall be allowed a credit against the tax imposed by  
42 this article. The amount of the credit shall be equal to twenty-five  
43 percent of the sum of the following investments and contributions made  
44 during the taxable year and certified by the commissioner of economic  
45 development: (A) for taxable years beginning before January first, two  
46 thousand five, qualified investments made in, or contributions in the  
47 form of donations made to, one or more empire zone capital corporations  
48 established pursuant to section nine hundred sixty-four of the general  
49 municipal law prior to January first, two thousand five, (B) qualified  
50 investments in certified zone businesses which during the twelve month  
51 period immediately preceding the month in which such investment is made  
52 employed full-time within the state an average number of individuals of  
53 two hundred fifty or fewer, computed pursuant to the provisions of  
54 subparagraph (C) of paragraph two of subsection (k) of this section,  
55 [except for investments made by or on behalf of an owner of the business  
56 including, but not limited to, a stockholder, partner or sole proprie-

1 tor, or any related person, as defined in subparagraph (C) of paragraph  
2 three of subsection (b) of section four hundred sixty-five of the inter-  
3 nal revenue code,] and (C) contributions of money to community develop-  
4 ment projects as defined in regulations promulgated by the commissioner  
5 of economic development. "Qualified investments" means the contribution  
6 of property to a corporation in exchange for original issue capital  
7 stock or other ownership interest, the contribution of property to a  
8 partnership in exchange for an interest in the partnership, and similar  
9 contributions in the case of a business entity not in corporate or part-  
10 nership form in exchange for an ownership interest in such entity. The  
11 total amount of credit allowable to a taxpayer under this provision for  
12 all years, taken in the aggregate, shall not exceed three hundred thou-  
13 sand dollars[, and shall not exceed one hundred thousand dollars with  
14 respect to the investments and contributions described in each of  
15 subparagraphs (A), (B) and (C) of this paragraph].

16 S 5. Subparagraphs (B) and (C) of paragraph 2 of subsection (l) of  
17 section 606 of the tax law, as amended by chapter 708 of the laws of  
18 1993, are amended to read as follows:

19 (B) In the case of a husband or wife who is required to file a sepa-  
20 rate return, the limitation provided for in paragraph one of this  
21 subsection shall be fifty [thousand dollars in lieu of one hundred thou-  
22 sand dollars and one hundred fifty thousand dollars in lieu of three  
23 hundred thousand dollars] PERCENT OF THE INVESTMENTS OR CONTRIBUTIONS  
24 DESCRIBED IN EACH OF SUBPARAGRAPHS (A), (B) AND (C) OF PARAGRAPH ONE OF  
25 THIS SUBSECTION, unless the spouse of the taxpayer has no credit allow-  
26 able under this subsection for the taxable year of such spouse which  
27 ends within or with the taxpayer's taxable year.

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

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

39 (a) No more than three empire zone capital corporations may be [estab-  
40 lished] DESIGNATED in each zone for the purpose of raising funds through  
41 private and public grants, donations or investments, to be used in  
42 making investments in, and loans to, business firms certified pursuant  
43 to subdivision (a) of section nine hundred fifty-nine of this article  
44 for the purpose of encouraging the establishment or expansion of busi-  
45 nesses and the provision of additional job opportunities within such  
46 area. PRIOR TO DESIGNATION AS A ZONE CAPITAL CORPORATION, A SEPARATE  
47 AND DISTINCT ZONE CAPITAL CORPORATION FUND SHALL BE ESTABLISHED SOLELY  
48 FOR THE RECEIPT AND DISBURSEMENT OF FUNDS PURSUANT TO THIS SUBDIVISION.  
49 A zone capital corporation may serve one or more zones within an econom-  
50 ic development region or zones within two or more regions. Prior to the  
51 [establishment] DESIGNATION of a zone capital corporation, the zone  
52 board and the commissioner of the department of economic development  
53 shall approve the [formation] DESIGNATION of the proposed zone capital  
54 corporation, its board of directors and management, and its procedures  
55 for making, servicing and monitoring investments. In no event, however,  
56 shall an empire zone capital corporation acquire an ownership interest

1 in any certified business firm which amounts to more than twenty-five  
2 percent of the ownership interest of such certified business firm. No  
3 loan to or investment in any business firm shall be made by an empire  
4 zone capital corporation located in a zone within a town with a popu-  
5 lation of more than twenty-five thousand, until such corporation has  
6 accumulated at least two hundred thousand dollars in capital stock. No  
7 loan or investment in any business firm shall be made by an empire zone  
8 capital corporation located in a zone within a town with a population of  
9 less than twenty-five thousand until such corporation has accumulated at  
10 least one hundred thousand dollars in capital stock. A zone capital  
11 corporation shall submit to the zone board an annual report on its  
12 activities.

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

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

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

39 S 8. The general municipal law is amended by adding a new section  
40 958-a to read as follows:

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

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

54 ARTICLE 2-A  
55 MUNICIPAL COOPERATION PROGRAM  
56 SECTION 25. MUNICIPAL COOPERATION PROGRAM.

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

5 (A) LONG ISLAND - NEW YORK: BRONX, KINGS, NASSAU, NEW YORK, QUEENS,  
6 RICHMOND AND SUFFOLK.

7 (B) HUDSON VALLEY: DUTCHESS, ORANGE, PUTNAM, ROCKLAND, SULLIVAN,  
8 ULSTER AND WESTCHESTER.

9 (C) CAPITAL: COLUMBIA, GREENE, ALBANY, SCHOHARIE, RENSSELAER, SCHENEC-  
10 TADY, MONTGOMERY, FULTON, SARATOGA AND WASHINGTON.

11 (D) NORTH COUNTRY: WARREN, ESSEX, CLINTON, FRANKLIN, HAMILTON, SAINT  
12 LAWRENCE, LEWIS, OSWEGO AND JEFFERSON.

13 (E) CENTRAL - MOHAWK VALLEY: OTSEGO, HERKIMER, ONEIDA, MADISON, CORT-  
14 LAND, ONONDAGA AND CAYUGA.

15 (F) SOUTHERN TIER: DELAWARE, BROOME, CHENANGO, TIOGA, TOMPKINS,  
16 SCHUYLER, CHEMUNG, ALLEGANY AND STEUBEN.

17 (G) FINGER LAKES: WAYNE, SENECA, YATES, ONTARIO, LIVINGSTON AND  
18 MONROE.

19 (H) WESTERN: CATTARAUGUS, CHAUTAUQUA, ERIE, WYOMING, GENESEE, ORLEANS  
20 AND NIAGARA.

21 2. (A) THE STATE CONFERENCE ON MUNICIPAL COOPERATION SHALL CONSIST OF  
22 NINE MEMBERS. THE SECRETARY OF STATE SHALL BE A MEMBER OF THE CONFER-  
23 ENCE AND SHALL SERVE AS ITS CHAIR. THE VICE CHAIR OF EACH REGIONAL  
24 COMMISSION SHALL SERVE AS A MEMBER OF THE STATE CONFERENCE ON MUNICIPAL  
25 COOPERATION.

26 (B) THE STATE CONFERENCE SHALL ALLOCATE FUNDS PURSUANT TO THIS SECTION  
27 TO EACH REGIONAL COMMISSION. THE STATE CONFERENCE SHALL PROMULGATE ANY  
28 RULES AND REGULATIONS NECESSARY TO IMPLEMENT THE PROVISIONS OF THIS  
29 SECTION; HOWEVER SUCH RULES AND REGULATIONS, AND ANY CHANGES THERETO  
30 SHALL NOT TAKE EFFECT UNTIL APPROVED BY A MAJORITY VOTE OF THE GOVERNOR,  
31 TEMPORARY PRESIDENT OF THE SENATE, SPEAKER OF THE ASSEMBLY, MINORITY  
32 LEADER OF THE SENATE AND MINORITY LEADER OF THE ASSEMBLY.

33 3. (A) EACH REGIONAL COMMISSION SHALL CONSIST OF NINE MEMBERS,  
34 APPOINTED AS FOLLOWS:

35 (I) TWO MEMBERS SHALL BE APPOINTED BY THE GOVERNOR, ONE OF WHOM SHALL  
36 BE THE CHAIR OF THE REGIONAL COMMISSION AND THE OTHER SHALL SERVE AS  
37 VICE CHAIR,

38 (II) TWO MEMBERS SHALL BE APPOINTED BY THE TEMPORARY PRESIDENT OF THE  
39 SENATE,

40 (III) TWO MEMBERS SHALL BE APPOINTED BY THE SPEAKER OF THE ASSEMBLY,

41 (IV) ONE MEMBER SHALL BE APPOINTED BY THE MINORITY LEADER OF THE  
42 SENATE,

43 (V) ONE MEMBER SHALL BE APPOINTED BY THE MINORITY LEADER OF THE ASSEM-  
44 BLY, AND

45 (VI) ONE MEMBER SHALL BE APPOINTED BY THE STATE COMPTROLLER.

46 (B) EACH REGIONAL COMMISSION MAY CONDUCT BUSINESS WITH A QUORUM OF  
47 MEMBERS IN OFFICE AT THE TIME.

48 (C) EACH MEMBER OF A REGIONAL COMMISSION SHALL SERVE AT THE PLEASURE  
49 OF HIS OR HER APPOINTING AUTHORITY.

50 (D) MEMBERS OF REGIONAL COMMISSIONS SHALL RECEIVE NO COMPENSATION FOR  
51 THEIR SERVICE BUT SHALL BE ALLOWED THEIR ACTUAL AND NECESSARY EXPENSES  
52 INCURRED IN THE PERFORMANCE OF THEIR DUTIES.

53 (E) EVERY MEMBER OF A REGIONAL COMMISSION SHALL RESIDE WITHIN THE  
54 REGION REGULATED BY THE REGIONAL COMMISSION UPON WHICH HE OR SHE SERVES.

55 (F) EVERY MEMBER OF A REGIONAL COMMISSION WHO IS AN ELECTED OFFICIAL  
56 SHALL RECUSE HIMSELF OR HERSELF FROM ANY MEETING OF THE COMMISSION DEAL-

1 ING DIRECTLY WITH AN ISSUE IMPACTING UPON THE MUNICIPALITY WHICH ELECTED  
2 SUCH MEMBER.

3 (G) A TWO-THIRDS MAJORITY OF EACH REGIONAL COMMISSION SHALL APPOINT AN  
4 EXECUTIVE DIRECTOR, WHO SHALL CONDUCT THE BUSINESS OF SUCH REGIONAL  
5 COMMISSION UNDER THE SUPERVISION OF THE REGIONAL COMMISSION. THE EXECU-  
6 TIVE DIRECTOR SHALL ALSO BE AUTHORIZED TO HIRE SUCH ADDITIONAL STAFF AS  
7 NECESSARY TO EXECUTE THE WORK OF THE REGIONAL COMMISSION. THE EXECUTIVE  
8 DIRECTOR MAY BE REMOVED ONLY BY A THREE-QUARTERS VOTE OF THE MEMBERS OF  
9 THE REGIONAL COMMISSION.

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

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

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

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

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

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

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

40 (A) GRANTS TO FUND THE CONSOLIDATION OF SERVICES BETWEEN MUNICI-  
41 PALITIES OR THE PROVISION OF SERVICES FROM ONE MUNICIPALITY TO ANOTHER.  
42 SUCH GRANTS SHALL EQUAL FIFTY PERCENT OF THE COSTS ASSOCIATED WITH SUCH  
43 MERGER OR CONSOLIDATION; AND

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

46 6. COOPERATION REWARD GRANTS. (A) THE REGIONAL COMMISSION MAY AWARD  
47 GRANTS TO MUNICIPALITIES WHICH HAVE ELECTED TO EXECUTE A COOPERATIVE  
48 EFFORT. MUNICIPALITIES WHICH HAVE ELECTED TO EXECUTE A COOPERATIVE  
49 EFFORT SHALL IDENTIFY ONE OF THE PARTICIPATING MUNICIPALITIES, WHICH  
50 SHALL ACT AS A LEAD AGENT, WHICH SHALL IDENTIFY THE SAVINGS WHICH ARE  
51 EXPECTED TO ACCRUE TO THE MUNICIPALITIES AND REQUEST A GRANT IN THE  
52 AMOUNT DETERMINED PURSUANT TO THIS SUBDIVISION, AND SUBMIT A REPORT TO  
53 THEIR REGIONAL COMMISSION, WHICH SHALL BE REVIEWED AND ADJUSTED ACCORD-  
54 INGLY BY THE REGIONAL COMMISSION. AT THAT TIME, THE REGIONAL COMMISSION  
55 MAY APPROVE OR REJECT THE GRANT APPLICATION ACCORDING TO APPLICABLE  
56 PROVISIONS OF THIS SECTION AND ANY APPLICABLE RULES OR REGULATIONS WHICH

1 MAY BE PROMULGATED BY THE STATE CONFERENCE AND APPROVED BY MAJORITY VOTE  
2 OF THE GOVERNOR AND LEGISLATIVE LEADERS.

3 (B) IF APPROVED, AFTER THE END OF THE FIRST YEAR OF THE CONSOLIDATION,  
4 THE LEAD AGENT SHALL PRODUCE A REPORT WHICH SHALL STATE THE SAVINGS  
5 WHICH THE MUNICIPALITIES HAVE EXPERIENCED DURING THE YEAR. THAT REPORT  
6 SHALL BE SUBMITTED TO THEIR REGIONAL COMMISSION, WHICH SHALL VALIDATE  
7 THE SAVINGS WHICH HAVE ACCRUED TO THE LOCALITIES. SUCH SAVINGS WILL BE  
8 CALCULATED BY COMPARING THE TOTAL AMOUNT SPENT FOR SERVICES WHICH HAVE  
9 BEEN CONSOLIDATED WITH THE PROJECTED COST OF THE SERVICES WHICH HAVE  
10 BEEN CONSOLIDATED IF THE CONSOLIDATION HAD NOT OCCURRED, IN THE CASE OF  
11 FUNCTIONAL CONSOLIDATIONS; OR THE COMBINED BUDGETS OF THE MERGED MUNICI-  
12 PALITY, WITH THE COMBINED BUDGETS OF THE MUNICIPALITIES WHICH HAVE BEEN  
13 MERGED IF THE MERGER HAD NOT OCCURRED, IN THE CASE OF MERGERS.

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

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

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

24 (I) GRANTS TO REWARD FUNCTIONAL CONSOLIDATION, I.E., CONSOLIDATION OF  
25 SERVICES BETWEEN MUNICIPALITIES. SUCH GRANTS SHALL EQUAL FIFTY PERCENT  
26 OF THE IDENTIFIED AND VALIDATED SAVINGS ASSOCIATED WITH SUCH CONSOL-  
27 IDATION, AND

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

31 7. COOPERATION EFFORTS. NO PROVISION OF THIS ARTICLE SHALL PRECLUDE A  
32 SCHOOL DISTRICT OR SPECIAL TAX DISTRICT FROM PARTICIPATING IN CONSOL-  
33 IDATION OR MERGER EFFORTS OR ACTIVITIES.

34 S 10. This act shall take effect on the first of January next succeed-  
35 ing the date on which it shall have become a law.