

1293

2015-2016 Regular Sessions

I N S E N A T E

January 9, 2015

Introduced by Sens. RANZENHOFER, LARKIN -- 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 establishing a credit against income tax for the rehabilitation of distressed residential properties

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

- 1 Section 1. Section 606 of the tax law is amended by adding a new
2 subsection (ccc) to read as follows:
3 (CCC) CREDIT FOR REHABILITATION OF DISTRESSED RESIDENTIAL PROPERTIES.
4 (1) FOR TAXABLE YEARS BEGINNING ON OR AFTER JANUARY FIRST, TWO THOUSAND
5 FIFTEEN, A TAXPAYER SHALL BE ALLOWED A CREDIT AS HEREINAFTER PROVIDED,
6 AGAINST THE TAX IMPOSED BY THIS ARTICLE, IN AN AMOUNT EQUAL TO THIRTY
7 PERCENT OF THE QUALIFIED REHABILITATION EXPENDITURES MADE BY THE TAXPAY-
8 ER WITH RESPECT TO A QUALIFIED DISTRESSED RESIDENTIAL PROPERTY.
9 PROVIDED, HOWEVER, THE CREDIT SHALL NOT EXCEED ONE HUNDRED THOUSAND
10 DOLLARS.
11 (2) TAX CREDITS ALLOWED PURSUANT TO THIS SUBSECTION SHALL BE ALLOWED
12 IN THE TAXABLE YEAR IN WHICH THE PROPERTY IS DEEMED A CERTIFIED REHABIL-
13 ITATION.
14 (3) IF THE AMOUNT OF THE CREDIT ALLOWABLE UNDER THIS SUBSECTION FOR
15 ANY TAXABLE YEAR SHALL EXCEED THE TAXPAYER'S TAX FOR SUCH YEAR, THE
16 EXCESS MAY BE CARRIED OVER TO THE FOLLOWING YEAR OR YEARS, AND MAY BE
17 APPLIED AGAINST THE TAXPAYER'S TAX FOR SUCH YEAR OR YEARS, BUT SHALL NOT
18 EXCEED TWENTY-FIVE THOUSAND DOLLARS.
19 (4) (A) THE TERM "QUALIFIED REHABILITATION EXPENDITURE" MEANS, FOR
20 PURPOSES OF THIS SUBSECTION, ANY AMOUNT PROPERLY CHARGEABLE TO A CAPITAL
21 ACCOUNT:
22 (I) IN CONNECTION WITH THE CERTIFIED REHABILITATION OF A QUALIFIED
23 DISTRESSED RESIDENTIAL PROPERTY, AND

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

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1 (II) FOR PROPERTY FOR WHICH DEPRECIATION WOULD BE ALLOWABLE UNDER
2 SECTION 168 OF THE INTERNAL REVENUE CODE.

3 (B) SUCH TERM SHALL NOT INCLUDE (I) THE COST OF ACQUIRING ANY BUILDING
4 OR INTEREST THEREIN, (II) ANY EXPENDITURE ATTRIBUTABLE TO THE ENLARGE-
5 MENT OF AN EXISTING BUILDING, OR (III) ANY EXPENDITURE MADE PRIOR TO
6 JANUARY FIRST, TWO THOUSAND FIFTEEN OR AFTER DECEMBER THIRTY-FIRST, TWO
7 THOUSAND TWENTY.

8 (5) THE TERM "CERTIFIED REHABILITATION" MEANS, FOR PURPOSES OF
9 DISTRESSED RESIDENTIAL PROPERTY IN THIS SUBSECTION, ANY REHABILITATION
10 OF A CERTIFIED DISTRESSED RESIDENTIAL PROPERTY WHICH HAS BEEN APPROVED
11 AND CERTIFIED BY A LOCAL GOVERNMENT AS BEING COMPLETED, WITH A CERTIF-
12 ICATE OF OCCUPANCY ISSUED, AND THAT THE COSTS ARE CONSISTENT WITH THE
13 WORK COMPLETED. SUCH CERTIFICATION SHALL BE ACCEPTABLE AS PROOF THAT THE
14 EXPENDITURES RELATED TO SUCH REHABILITATION QUALIFY AS QUALIFIED REHA-
15 BILITATION EXPENDITURES FOR PURPOSES OF THE CREDIT ALLOWED UNDER PARA-
16 GRAPH ONE OF THIS SUBSECTION.

17 (6) (A) THE TERM "QUALIFIED RESIDENTIAL PROPERTY" MEANS, FOR PURPOSES
18 OF THIS SUBSECTION, A DISTRESSED RESIDENTIAL PROPERTY LOCATED WITHIN NEW
19 YORK STATE:

20 (I) WHICH HAS BEEN SUBSTANTIALLY REHABILITATED,

21 (II) WHICH WAS CONSTRUCTED PRIOR TO JANUARY FIRST, NINETEEN HUNDRED
22 SIXTY-TWO,

23 (III) WHICH IS OWNED BY THE TAXPAYER, AND

24 (IV) WHICH IS LOCATED WITHIN A DISTRESSED RESIDENTIAL OR MIXED-USE
25 AREA, AS IDENTIFIED BY EACH LOCALITY THROUGH LOCAL LAW, THAT IS DEEMED
26 AN AREA IN NEED OF COMMUNITY RENEWAL DUE TO DILAPIDATION AND VACANCIES.

27 (B) IF THE DISTRESSED RESIDENTIAL PROPERTY IS RENTAL PROPERTY, SUCH
28 PROPERTY SHALL HAVE BEEN VACANT FOR AT LEAST SIX MONTHS WHILE ACTIVELY
29 MARKETED FOR LEASE.

30 (C) A BUILDING SHALL BE TREATED AS HAVING BEEN "SUBSTANTIALLY REHABIL-
31 ITATED" IF THE QUALIFIED REHABILITATION EXPENDITURES IN RELATION TO SUCH
32 BUILDING TOTAL TEN THOUSAND DOLLARS OR MORE.

33 (7) (A) IF THE TAXPAYER DISPOSES OF SUCH TAXPAYER'S INTEREST IN THE
34 QUALIFIED DISTRESSED RESIDENTIAL PROPERTY, OR SUCH PROPERTY CEASES TO BE
35 USED AS A RESIDENTIAL PROPERTY OF THE TAXPAYER WITHIN FIVE YEARS OF
36 RECEIVING THE CREDIT UNDER THIS SUBSECTION, THE TAXPAYER'S TAX IMPOSED
37 BY THIS ARTICLE FOR THE TAXABLE YEAR IN WHICH SUCH DISPOSITION OR CESSA-
38 TION OCCURS SHALL BE INCREASED BY THE RECAPTURE PORTION OF THE CREDIT
39 ALLOWED UNDER THIS SUBSECTION FOR ALL PRIOR TAXABLE YEARS WITH RESPECT
40 TO SUCH REHABILITATION.

41 (B) FOR PURPOSES OF SUBPARAGRAPH (A) OF THIS PARAGRAPH, THE RECAPTURE
42 PORTION SHALL BE THE PRODUCT OF THE AMOUNT OF CREDIT CLAIMED BY THE
43 TAXPAYER MULTIPLIED BY A RATIO, THE NUMERATOR OF WHICH IS EQUAL TO SIXTY
44 LESS THE NUMBER OF MONTHS THE BUILDING IS OWNED OR USED AS RESIDENTIAL
45 PROPERTY BY THE TAXPAYER AND THE DENOMINATOR OF WHICH IS SIXTY.

46 (8) ANY EXPENDITURE FOR WHICH A CREDIT IS CLAIMED UNDER THIS
47 SUBSECTION SHALL NOT BE ELIGIBLE FOR ANY OTHER CREDIT UNDER THIS CHAP-
48 TER.

49 S 2. Subparagraph (B) of paragraph 1 of subsection (i) of section 606
50 of the tax law is amended by adding a new clause (xli) to read as
51 follows:

52 (XLI) CREDIT FOR REHABILITATION	AMOUNT OF CREDIT
53 OF DISTRESSED RESIDENTIAL	UNDER SUBDIVISION FORTY-NINE
54 PROPERTIES UNDER SUBSECTION (CCC)	OF SECTION TWO HUNDRED TEN-B

1 S 3. Section 210-b of the tax law is amended by adding a new subdivi-
2 sion 49 to read as follows:

3 49. CREDIT FOR REHABILITATION OF DISTRESSED RESIDENTIAL PROPERTIES.
4 (1) FOR TAXABLE YEARS BEGINNING ON OR AFTER JANUARY FIRST, TWO THOUSAND
5 FIFTEEN, A TAXPAYER SHALL BE ALLOWED A CREDIT AS HEREINAFTER PROVIDED,
6 AGAINST THE TAX IMPOSED BY THIS ARTICLE, IN AN AMOUNT EQUAL TO THIRTY
7 PERCENT OF THE QUALIFIED REHABILITATION EXPENDITURES MADE BY THE TAXPAY-
8 ER WITH RESPECT TO A QUALIFIED DISTRESSED RESIDENTIAL PROPERTY.
9 PROVIDED, HOWEVER, THE CREDIT SHALL NOT EXCEED ONE HUNDRED THOUSAND
10 DOLLARS.

11 (2) TAX CREDITS ALLOWED PURSUANT TO THIS SUBDIVISION SHALL BE ALLOWED
12 IN THE TAXABLE YEAR IN WHICH THE PROPERTY IS DEEMED A CERTIFIED REHABIL-
13 ITATION.

14 (3) IF THE AMOUNT OF THE CREDIT ALLOWABLE UNDER THIS SUBDIVISION FOR
15 ANY TAXABLE YEAR SHALL EXCEED THE TAXPAYER'S TAX FOR SUCH YEAR, THE
16 EXCESS MAY BE CARRIED OVER TO THE FOLLOWING YEAR OR YEARS, AND MAY BE
17 APPLIED AGAINST THE TAXPAYER'S TAX FOR SUCH YEAR OR YEARS, BUT SHALL NOT
18 EXCEED TWENTY-FIVE THOUSAND DOLLARS.

19 (4) (A) THE TERM "QUALIFIED REHABILITATION EXPENDITURE" MEANS, FOR
20 PURPOSES OF THIS SUBDIVISION, ANY AMOUNT PROPERLY CHARGEABLE TO A CAPI-
21 TAL ACCOUNT:

22 (I) IN CONNECTION WITH THE CERTIFIED REHABILITATION OF A QUALIFIED
23 RESIDENTIAL PROPERTY, AND

24 (II) FOR PROPERTY FOR WHICH DEPRECIATION WOULD BE ALLOWABLE UNDER
25 SECTION 168 OF THE INTERNAL REVENUE CODE.

26 (B) SUCH TERM SHALL NOT INCLUDE (I) THE COST OF ACQUIRING ANY BUILDING
27 OR INTEREST THEREIN, (II) ANY EXPENDITURE ATTRIBUTABLE TO THE ENLARGE-
28 MENT OF AN EXISTING BUILDING, OR (III) ANY EXPENDITURE MADE PRIOR TO
29 JANUARY FIRST, TWO THOUSAND FIFTEEN OR AFTER DECEMBER THIRTY-FIRST, TWO
30 THOUSAND TWENTY.

31 (5) THE TERM "CERTIFIED REHABILITATION" MEANS, FOR PURPOSES OF THIS
32 SUBDIVISION, ANY REHABILITATION OF A CERTIFIED DISTRESSED RESIDENTIAL
33 PROPERTY WHICH HAS BEEN APPROVED AND CERTIFIED BY A LOCAL GOVERNMENT AS
34 BEING COMPLETED, WITH A CERTIFICATE OF OCCUPANCY ISSUED, AND THAT THE
35 COSTS ARE CONSISTENT WITH THE WORK COMPLETED. SUCH CERTIFICATION SHALL
36 BE ACCEPTABLE AS PROOF THAT THE EXPENDITURES RELATED TO SUCH REHABILI-
37 TATION QUALIFY AS QUALIFIED REHABILITATION EXPENDITURES FOR PURPOSES OF
38 THE CREDIT ALLOWED UNDER PARAGRAPH ONE OF THIS SUBDIVISION.

39 (6) (A) THE TERM "QUALIFIED RESIDENTIAL PROPERTY" MEANS, FOR PURPOSES
40 OF THIS SUBDIVISION, A DISTRESSED RESIDENTIAL PROPERTY LOCATED WITHIN
41 NEW YORK STATE:

42 (I) WHICH HAS BEEN SUBSTANTIALLY REHABILITATED,

43 (II) WHICH WAS CONSTRUCTED PRIOR TO JANUARY FIRST, NINETEEN HUNDRED
44 SIXTY-TWO,

45 (III) WHICH IS OWNED BY THE TAXPAYER, AND

46 (IV) WHICH IS LOCATED WITHIN A DISTRESSED RESIDENTIAL OR MIXED-USE
47 AREA, AS IDENTIFIED BY EACH LOCALITY THROUGH LOCAL LAW, THAT IS DEEMED
48 AN AREA IN NEED OF COMMUNITY RENEWAL DUE TO DILAPIDATION AND VACANCIES.

49 (B) IF THE DISTRESSED RESIDENTIAL PROPERTY IS RENTAL PROPERTY, SUCH
50 PROPERTY SHALL HAVE BEEN VACANT FOR AT LEAST SIX MONTHS WHILE ACTIVELY
51 MARKETED FOR LEASE.

52 (C) A BUILDING SHALL BE TREATED AS HAVING BEEN "SUBSTANTIALLY REHABIL-
53 ITATED" IF THE QUALIFIED REHABILITATION EXPENDITURES IN RELATION TO SUCH
54 BUILDING TOTAL TEN THOUSAND DOLLARS OR MORE.

55 (7) (A) IF THE TAXPAYER DISPOSES OF SUCH TAXPAYER'S INTEREST IN THE
56 QUALIFIED DISTRESSED RESIDENTIAL PROPERTY, OR SUCH PROPERTY CEASES TO BE

1 USED AS A RESIDENTIAL PROPERTY OF THE TAXPAYER WITHIN FIVE YEARS OF
2 RECEIVING THE CREDIT UNDER THIS SUBDIVISION, THE TAXPAYER'S TAX IMPOSED
3 BY THIS ARTICLE FOR THE TAXABLE YEAR IN WHICH SUCH DISPOSITION OR CESSA-
4 TION OCCURS SHALL BE INCREASED BY THE RECAPTURE PORTION OF THE CREDIT
5 ALLOWED UNDER THIS SUBDIVISION FOR ALL PRIOR TAXABLE YEARS WITH RESPECT
6 TO SUCH REHABILITATION.

7 (B) FOR PURPOSES OF SUBPARAGRAPH (A) OF THIS PARAGRAPH, THE RECAPTURE
8 PORTION SHALL BE THE PRODUCT OF THE AMOUNT OF CREDIT CLAIMED BY THE
9 TAXPAYER MULTIPLIED BY A RATIO, THE NUMERATOR OF WHICH IS EQUAL TO SIXTY
10 LESS THE NUMBER OF MONTHS THE BUILDING IS OWNED OR USED AS RESIDENTIAL
11 PROPERTY BY THE TAXPAYER AND THE DENOMINATOR OF WHICH IS SIXTY.

12 (8) ANY EXPENDITURE FOR WHICH A CREDIT IS CLAIMED UNDER THIS SUBDIVI-
13 SION SHALL NOT BE ELIGIBLE FOR ANY OTHER CREDIT UNDER THIS CHAPTER.

14 S 4. This act shall take effect immediately and shall apply to taxable
15 years beginning on or after January 1, 2015.