

1295

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 commercial 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 COMMERCIAL 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 COMMERCIAL PROPERTY. PROVIDED,
9 HOWEVER, THE CREDIT SHALL NOT EXCEED ONE HUNDRED THOUSAND DOLLARS.

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

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

18 (4) (A) THE TERM "QUALIFIED REHABILITATION EXPENDITURE" MEANS, FOR
19 PURPOSES OF THIS SUBSECTION, ANY AMOUNT PROPERLY CHARGEABLE TO A CAPITAL
20 ACCOUNT:

21 (I) IN CONNECTION WITH THE CERTIFIED REHABILITATION OF A QUALIFIED
22 DISTRESSED COMMERCIAL 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 THIS
9 SUBSECTION, ANY REHABILITATION OF A CERTIFIED DISTRESSED COMMERCIAL
10 PROPERTY WHICH HAS BEEN APPROVED AND CERTIFIED BY A LOCAL GOVERNMENT AS
11 BEING COMPLETED, WITH A CERTIFICATE OF OCCUPANCY ISSUED, AND THAT THE
12 COSTS ARE CONSISTENT WITH THE WORK COMPLETED. SUCH CERTIFICATION SHALL
13 BE ACCEPTABLE AS PROOF THAT THE EXPENDITURES RELATED TO SUCH REHABILI-
14 TATION QUALIFY AS QUALIFIED REHABILITATION EXPENDITURES FOR PURPOSES OF
15 THE CREDIT ALLOWED UNDER PARAGRAPH ONE OF THIS SUBSECTION.

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

19 (I) WHICH HAS BEEN SUBSTANTIALLY REHABILITATED,

20 (II) WHICH IS OWNED BY THE TAXPAYER, AND

21 (III) WHICH IS LOCATED WITHIN A DISTRESSED COMMERCIAL AREA, AS IDENTI-
22 FIED BY EACH LOCALITY THROUGH LOCAL LAW, THAT IS DEEMED AN AREA IN NEED
23 OF COMMUNITY RENEWAL DUE TO DILAPIDATION AND VACANCIES.

24 (B) IF THE DISTRESSED COMMERCIAL PROPERTY IS RENTAL PROPERTY, SUCH
25 PROPERTY SHALL HAVE BEEN MORE THAN THIRTY PERCENT VACANT FOR TWELVE
26 MONTHS WHILE ACTIVELY MARKETED FOR LEASE.

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

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

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

43 (8) ANY EXPENDITURE FOR WHICH A CREDIT IS CLAIMED UNDER THIS
44 SUBSECTION SHALL NOT BE ELIGIBLE FOR ANY OTHER CREDIT UNDER THIS CHAP-
45 TER.

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

49 (XLI) CREDIT FOR REHABILITATION	AMOUNT OF CREDIT UNDER
50 OF DISTRESSED COMMERCIAL PROPERTIES	SUBDIVISION FORTY-NINE
51 UNDER SUBSECTION (CCC)	OF SECTION TWO HUNDRED TEN-B

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

54 49. CREDIT FOR REHABILITATION OF DISTRESSED COMMERCIAL PROPERTIES. (1)
55 FOR TAXABLE YEARS BEGINNING ON OR AFTER JANUARY FIRST, TWO THOUSAND
56 FIFTEEN, A TAXPAYER SHALL BE ALLOWED A CREDIT AS HEREINAFTER PROVIDED,

1 AGAINST THE TAX IMPOSED BY THIS ARTICLE, IN AN AMOUNT EQUAL TO THIRTY
2 PERCENT OF THE QUALIFIED REHABILITATION EXPENDITURES MADE BY THE TAXPAY-
3 ER WITH RESPECT TO A QUALIFIED DISTRESSED COMMERCIAL PROPERTY. PROVIDED,
4 HOWEVER, THE CREDIT SHALL NOT EXCEED ONE HUNDRED THOUSAND DOLLARS.

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

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

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

16 (I) IN CONNECTION WITH THE CERTIFIED REHABILITATION OF A QUALIFIED
17 COMMERCIAL PROPERTY, AND

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

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

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

33 (6) (A) THE TERM "QUALIFIED DISTRESSED COMMERCIAL PROPERTY" MEANS, FOR
34 PURPOSES OF THIS SUBDIVISION, A DISTRESSED COMMERCIAL PROPERTY LOCATED
35 WITHIN NEW YORK STATE:

36 (I) WHICH HAS BEEN SUBSTANTIALLY REHABILITATED,

37 (II) WHICH IS OWNED BY THE TAXPAYER, AND

38 (III) WHICH IS LOCATED WITHIN A DISTRESSED COMMERCIAL AREA, AS IDENTI-
39 FIED BY EACH LOCALITY THROUGH LOCAL LAW, THAT IS DEEMED AN AREA IN NEED
40 OF COMMUNITY RENEWAL DUE TO DILAPIDATION AND VACANCIES.

41 (B) IF THE DISTRESSED COMMERCIAL PROPERTY IS RENTAL PROPERTY, SUCH
42 PROPERTY SHALL HAVE BEEN MORE THAN THIRTY PERCENT VACANT FOR TWELVE
43 MONTHS WHILE ACTIVELY MARKETED FOR LEASE.

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

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48 QUALIFIED DISTRESSED COMMERCIAL PROPERTY, OR SUCH PROPERTY CEASES TO BE
49 USED AS A COMMERCIAL PROPERTY OF THE TAXPAYER WITHIN FIVE YEARS OF
50 RECEIVING THE CREDIT UNDER THIS SUBDIVISION, THE TAXPAYER'S TAX IMPOSED
51 BY THIS ARTICLE FOR THE TAXABLE YEAR IN WHICH SUCH DISPOSITION OR CESSA-
52 TION OCCURS SHALL BE INCREASED BY THE RECAPTURE PORTION OF THE CREDIT
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56 PORTION SHALL BE THE PRODUCT OF THE AMOUNT OF CREDIT CLAIMED BY THE

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2 LESS THE NUMBER OF MONTHS THE BUILDING IS OWNED OR USED AS COMMERCIAL
3 PROPERTY BY THE TAXPAYER AND THE DENOMINATOR OF WHICH IS SIXTY.

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

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