

1438

2015-2016 Regular Sessions

I N   S E N A T E

January 12, 2015

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Introduced by Sens. GRIFFO, SEWARD -- read twice and ordered printed,  
and when printed to be committed to the Committee on Investigations  
and Government Operations

AN ACT to enact the "New Start New York act"; to amend chapter 59 of the laws of 2009, amending the public service law relating to financing the operations of the department of public service, the public service commission, department support and energy management services provided by other state agencies, in relation to accelerating the expiration of certain provisions thereof (Part A); to amend the tax law, in relation to increasing the reduction of federal adjusted gross income granted to certain small businesses (Part B); to amend the real property tax law, in relation to extending eligibility for the school tax relief exemption to certain small businesses (Part C); and to amend the economic development law, in relation to establishing the 3-D program (Part D)

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

1     Section 1. Short title. This act shall be known as the "New Start New  
2     York act".  
3     S 2. This act enacts into law major components of legislation enabling  
4     existing businesses in the state to compete, succeed and create new  
5     jobs. Each component is wholly contained within a Part identified as  
6     Parts A through D. The effective date for each particular provision  
7     contained within such Part is set forth in the last section of such  
8     Part. Any provision in any section contained within a Part, including  
9     the effective date of the Part, which makes reference to a section "of  
10    this act", when used in connection with that particular component, shall  
11    be deemed to mean and refer to the corresponding section of the Part in  
12    which it is found. Section four of this act sets forth the general  
13    effective date of this act.

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

LBD03469-01-5

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## PART A

2 Section 1. Section 6 of part NN of chapter 59 of the laws of 2009,  
3 amending the public service law relating to financing the operations of  
4 the department of public service, the public service commission, depart-  
5 ment support and energy management services provided by other state  
6 agencies, as amended by section 2 of part BB of chapter 59 of the laws  
7 of 2013, is amended to read as follows:

8 S 6. This act shall take effect immediately; provided, however, that  
9 subdivision 6 of section 18-a of the public service law, as added by  
10 section four of this act shall take effect April 1, 2009 and shall  
11 expire and be deemed repealed March 31, [2017] 2015; provided, that if  
12 section four of this act shall become law after April 1, 2009, it shall  
13 take effect immediately and shall be deemed to have been in full force  
14 and effect on and after April 1, 2009; and provided, further, that the  
15 provisions of subdivision 6 of section 18-a of the public service law  
16 shall continue in effect with regard to all such assessments incurred  
17 prior to repeal of this section.

18 S 2. This act shall take effect immediately.

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## PART B

20 Section 1. Paragraph 39 of subsection (c) of section 612 of the tax  
21 law, as added by section 1 of part Y of chapter 59 of the laws of 2013,  
22 is amended to read as follows:

23 (39) In the case of a taxpayer who is a small business who has busi-  
24 ness income and/or farm income as defined in the laws of the United  
25 States, an amount equal to three percent of the net items of income,  
26 gain, loss and deduction attributable to such business or farm entering  
27 into federal adjusted gross income, but not less than zero, for taxable  
28 years beginning after two thousand thirteen, an amount equal to [three  
29 and three-quarters] FIVE percent of the net items of income, gain, loss  
30 and deduction attributable to such business or farm entering into feder-  
31 al adjusted gross income, but not less than zero, for taxable years  
32 beginning after two thousand fourteen, and an amount equal to [five] TEN  
33 percent of the net items of income, gain, loss and deduction attribut-  
34 able to such business or farm entering into federal adjusted gross  
35 income, but not less than zero, for taxable years beginning after two  
36 thousand fifteen. For the purposes of this paragraph, the term small  
37 business shall mean a sole proprietor or a farm business who employs one  
38 or more persons during the taxable year and who has net business income  
39 or net farm income of less than two hundred fifty thousand dollars.

40 S 2. This act shall take effect immediately.

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## PART C

42 Section 1. Paragraph (a) of subdivision 2 of section 425 of the real  
43 property tax law, as amended by section 1 of part E of chapter 83 of the  
44 laws of 2002, is amended to read as follows:

45 (a) Overview. There shall be two variations of the exemption author-  
46 ized by this section: an exemption for property owned by persons who  
47 satisfy OR A SMALL BUSINESS WHICH SATISFIES the criteria set forth in  
48 subdivision three of this section, which shall be known as the "basic"  
49 STAR exemption, and an exemption for property owned by senior citizens  
50 who satisfy the criteria set forth in both subdivisions three and four  
51 of this section, which shall be known as the "enhanced" STAR exemption.

The exempt amount for each assessing unit shall be determined annually as set forth in this subdivision, by multiplying the "base figure" by the locally-applicable "sales price differential factor," if any, multiplying the product by the appropriate "equalization factor" for the assessing unit, and, if necessary, increasing the result to equal the applicable "floor." The result is then rounded to the nearest multiple of ten dollars.

S 2. Paragraphs (a), (b) and (b-1) of subdivision 3 of section 425 of the real property tax law, paragraph (a) as amended by chapter 264 of the laws of 2000, paragraph (b) as added by section 1 of part B of chapter 389 of the laws of 1997 and paragraph (b-1) as added by section 1 of part FF of chapter 57 of the laws of 2010, are amended and three new paragraphs (a-1), (a-2) and (b-2) are added to read as follows:

(a) Property use. To qualify for exemption pursuant to this section, the property must be a one, two or three family residence, a farm dwelling [or], residential property held in condominium or cooperative form of ownership OR THE PRIMARY PLACE OF BUSINESS OF A SMALL BUSINESS. If the property is not an eligible type of property, but a portion of the property is partially used by the owner as a primary residence, that portion which is so used shall be entitled to the exemption provided by this section; provided that in no event shall the exemption exceed the assessed value attributable to that portion.

(A-1) SMALL BUSINESS. TO QUALIFY FOR AN EXEMPTION PURSUANT TO THIS SECTION, A SMALL BUSINESS MUST BE A BUSINESS ENTITY, OTHER THAN A SOLE PROPRIETORSHIP, WHICH EMPLOYS NOT LESS THAN TWO EMPLOYEES, NOR MORE THAN FIFTY EMPLOYEES AT ITS PRIMARY PLACE OF BUSINESS.

(A-2) PERSON. FOR THE PURPOSES OF THIS SECTION, "PERSON" OR "OWNER" SHALL INCLUDE A SMALL BUSINESS.

(b) Primary residence. The property must serve as the primary residence of one or more of the owners thereof, OR AS THE PRIMARY PLACE OF BUSINESS OF A SMALL BUSINESS.

(b-1) Income. For final assessment rolls to be used for the levy of taxes for the two thousand eleven-two thousand twelve school year and thereafter, [the] A RESIDENTIAL parcel's affiliated income may be no greater than five hundred thousand dollars, as determined by the commissioner of taxation and finance pursuant to section one hundred seventy-one-u of the tax law, in order to be eligible for the basic exemption authorized by this section. As used herein, the term "affiliated income" shall mean the combined income of all of the owners of the parcel who resided primarily thereon on the applicable taxable status date, and of any owners' spouses residing primarily thereon. For exemptions on final assessment rolls to be used for the levy of taxes for the two thousand eleven-two thousand twelve school year, affiliated income shall be determined based upon the parties' incomes for the income tax year ending in two thousand nine. In each subsequent school year, the applicable income tax year shall be advanced by one year. The term "income" as used herein shall have the same meaning as in subdivision four of this section.

(B-2) PRIMARY PLACE OF BUSINESS. FOR SMALL BUSINESSES, THE PROPERTY SHALL BE PROPERTY AT A SINGLE LOCATION WITHIN THE STATE, UPON WHICH THE SMALL BUSINESS CARRIES ON ITS BUSINESS ENTERPRISE.

S 3. Paragraph (a) of subdivision 5 of section 425 of the real property tax law, as amended by section 5 of part E of chapter 83 of the laws of 2002, is amended to read as follows:

(a) Generally. Every school district shall notify, or cause to be notified, each person owning residential real property AND EACH SMALL

1 BUSINESS OWNING REAL PROPERTY in the school district of the provisions  
2 of this section. The provisions of this subdivision may be met by a  
3 notice sent to such persons in substantially the following form: "Resi-  
4 dential AND SMALL BUSINESS real property may qualify for a partial  
5 exemption from school district taxes under the New York state school tax  
6 relief (STAR) program. To receive such exemption, owners of qualifying  
7 property must file an application with their local assessor on or before  
8 the applicable taxable status date. For further information, please  
9 contact your local assessor."

10 S 4. Paragraph (a) of subdivision 6 of section 425 of the real proper-  
11 ty tax law, as amended by chapter 6 and as further amended by subdivi-  
12 sion (b) of section 1 of part W of chapter 56 of the laws of 2010, is  
13 amended to read as follows:

14 (a) Generally. All owners of the property who primarily reside thereon  
15 must jointly OR, IN THE CASE OF A SMALL BUSINESS, THE OWNER OR OWNERS  
16 THEREOF MUST file an application for exemption with the assessor on or  
17 before the appropriate taxable status date. Such application may be  
18 filed by mail if it is enclosed in a postpaid envelope properly  
19 addressed to the appropriate assessor, deposited in a post office or  
20 official depository under the exclusive care of the United States postal  
21 service, and postmarked by the United States postal service on or before  
22 the applicable taxable status date. Each such application shall be made  
23 on a form prescribed by the commissioner, which shall require the appli-  
24 cant or applicants to agree to notify the assessor if their primary  
25 residence OR PRIMARY PLACE OF BUSINESS changes while their property is  
26 receiving the exemption. The assessor may request that proof of residen-  
27 cy be submitted with the application. If the applicant requests a  
28 receipt from the assessor as proof of submission of the application, the  
29 assessor shall provide such receipt. If such request is made by other  
30 than personal request, the applicant shall provide the assessor with a  
31 self-addressed postpaid envelope in which to mail the receipt.

32 S 5. Subdivision 10 of section 425 of the real property tax law, as  
33 added by section 1 of part B of chapter 389 of the laws of 1997, para-  
34 graph (a) as further amended by subdivision (b) of section 1 of part W  
35 of chapter 56 of the laws of 2010, is amended to read as follows:

36 10. Proof of residency. (a) Requests. From time to time, the assessor  
37 may request proof of residency OR PROOF OF PRIMARY PLACE OF BUSINESS  
38 from the owner or owners of any property which is exempt pursuant to  
39 this section. In addition, the assessor shall request proof of residency  
40 OR PRIMARY PLACE OF BUSINESS from any such owner or owners when  
41 requested to do so by the commissioner.

42 (b) Timing. A request for proof of residency OR PRIMARY PLACE OF BUSI-  
43 NESS shall be mailed at least sixty days prior to the ensuing taxable  
44 status date. The owner or owners shall submit proof of their residency  
45 OR PRIMARY PLACE OF BUSINESS to the assessor on or before the ensuing  
46 taxable status date.

47 (c) Review of submission. The burden shall be on the owner or owners  
48 to establish that the property is their primary residence OR PRIMARY  
49 PLACE OF BUSINESS. If they submit proof of residency OR PRIMARY PLACE  
50 OF BUSINESS on or before the ensuing taxable status date, and the  
51 submission demonstrates to the assessor's satisfaction that the property  
52 is the primary residence OR PRIMARY PLACE OF BUSINESS of one or more of  
53 the owners thereof, and if the requirements of this section are other-  
54 wise satisfied, the exemption shall continue in effect on the ensuing  
55 tentative assessment roll. Otherwise, the assessor shall discontinue  
56 the exemption on the next ensuing tentative assessment roll as provided

[herein] IN THIS SECTION, and, where appropriate, shall proceed as further provided [herein] IN THIS SECTION.

S 6. Subparagraph (i) of paragraph (a) of subdivision 11 of section 425 of the real property tax law, as added by section 1 of part B of chapter 389 of the laws of 1997, is amended to read as follows:

(i) the property may not be the primary residence OR PRIMARY PLACE OF BUSINESS of the owner or owners who applied for the exemption,

S 7. Subparagraph (iii) of paragraph (b) of subdivision 14 of section 425 of the real property tax law, as added by section 1 of part J of chapter 57 of the laws of 2013, is amended to read as follows:

(iii) the property does not serve as the primary residence OR THE PRIMARY PLACE OF BUSINESS of any of its owners;

S 8. This act shall take effect immediately and shall apply to taxable years beginning on or after January 1, 2016.

#### PART D

Section 1. The economic development law is amended by adding a new article 22 to read as follows:

#### ARTICLE 22 3-D PROGRAM

SECTION 500. SHORT TITLE.

501. ELIGIBILITY CRITERIA FOR MANUFACTURERS.

502. TAX BENEFITS.

S 500. SHORT TITLE. THIS ARTICLE SHALL BE KNOWN AND MAY BE CITED AS THE "DREAMED IN NEW YORK, DESIGNED IN NEW YORK AND DEVELOPED IN NEW YORK PROGRAM" OR THE "3-D PROGRAM".

S 501. ELIGIBILITY CRITERIA FOR MANUFACTURERS. 1. IN ORDER TO PARTICIPATE IN THE 3-D PROGRAM, A BUSINESS THAT MANUFACTURES A PRODUCT WITHIN THE STATE SHALL SATISFY ALL OF THE FOLLOWING CRITERIA:

(A) THE MANUFACTURER DESIGNED AND DEVELOPED A NEW PRODUCT WITHIN THE STATE;

(B) THE MANUFACTURER MANUFACTURES SUCH NEW PRODUCT IN THIS STATE;

(C) THE MANUFACTURER'S PRIMARY PLACE FOR THE MANUFACTURE OF SUCH NEW PRODUCT IS IN THE STATE; AND

(D) THE COMMISSIONER SHALL HAVE CERTIFIED THAT SUCH MANUFACTURER HAS SATISFIED THE REQUIREMENTS OF PARAGRAPHS (A), (B) AND (C) OF THIS SUBDIVISION, AND SHALL HAVE CERTIFIED THE LOCATION OR LOCATIONS WITHIN THE STATE AT WHICH THE NEW PRODUCT IS MANUFACTURED.

2. AN ELIGIBLE BUSINESS MAY BE ORGANIZED AS A CORPORATION, A PARTNERSHIP, A LIMITED LIABILITY COMPANY OR A SOLE PROPRIETORSHIP.

3. A BUSINESS MUST BE IN COMPLIANCE WITH ALL WORKER PROTECTION AND ENVIRONMENTAL LAWS AND REGULATIONS. IN ADDITION, A BUSINESS SHALL NOT OWE ANY PAST DUE FEDERAL, STATE OR MUNICIPAL TAXES.

S 502. TAX BENEFITS. A BUSINESS THAT IS CERTIFIED BY THE COMMISSIONER TO BE ELIGIBLE TO PARTICIPATE IN THE 3-D PROGRAM AND ITS EMPLOYEES SHALL BE ENTITLED TO ALL BENEFITS GRANTED TO PARTICIPANTS IN THE START-UP NY PROGRAM PURSUANT TO ARTICLE TWENTY-ONE OF THIS CHAPTER AND ANY OTHER PROVISION OF LAW RELATED THERETO.

S 2. This act shall take effect immediately and shall apply to taxes imposed on or after January 1, 2016.

S 3. Severability clause. If any clause, sentence, paragraph, subdivision, section or part of this act shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect,

1 impair, or invalidate the remainder thereof, but shall be confined in  
2 its operation to the clause, sentence, paragraph, subdivision, section  
3 or part thereof directly involved in the controversy in which such judg-  
4 ment shall have been rendered. It is hereby declared to be the intent of  
5 the legislature that this act would have been enacted even if such  
6 invalid provisions had not been included herein.

7 S 4. This act shall take effect immediately; provided, however, that  
8 the applicable effective date of Parts A through D of this act shall be  
9 as specifically set forth in the last section of such Parts.