STATE OF NEW YORK

S. 7847 A. 10214

SENATE-ASSEMBLY

May 17, 2016

IN SENATE -- Introduced by Sen. O'MARA -- read twice and ordered printed, and when printed to be committed to the Committee on Housing, Construction and Community Development

IN ASSEMBLY -- Introduced by M. of A. PALMESANO -- read once and referred to the Committee on Real Property Taxation

AN ACT to amend the real property tax law, in relation to an exemption of capital improvements to certain residential buildings within certain cities

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 a new section 421-o to read as follows:

S 421-O. EXEMPTION OF CAPITAL IMPROVEMENTS TO CERTAIN RESIDENTIAL BUILDINGS WITHIN CERTAIN CITIES. 1. RESIDENTIAL BUILDINGS DESIGNED AND OCCUPIED EXCLUSIVELY FOR RESIDENTIAL PURPOSES BY NOT MORE THAN FOUR FAMILIES LOCATED IN ANY CITY HAVING A POPULATION OF MORE THAN TEN THOUSAND INHABITANTS BUT FEWER THAN TWELVE THOUSAND INHABITANTS, DETERMINED IN ACCORDANCE WITH THE LATEST FEDERAL DECENNIAL CENSUS, THAT ARE RECONSTRUCTED, ALTERED OR IMPROVED SUBSEQUENT TO THE EFFECTIVE DATE OF A LOCAL LAW OR RESOLUTION PURSUANT TO THIS SECTION SHALL BE EXEMPT FROM TAXATION AND SPECIAL AD VALOREM LEVIES TO THE EXTENT PROVIDED HEREINAFTER. AFTER A PUBLIC HEARING, THE GOVERNING BOARD OF SUCH CITY MAY ADOPT A LOCAL LAW TO GRANT THE EXEMPTION AUTHORIZED PURSUANT TO THIS SECTION. A COPY OF SUCH LOCAL LAW SHALL BE FILED WITH THE COMMISSIONER AND THE ASSESSOR OF SUCH CITY WHO PREPARES THE ASSESSMENT ROLL ON WHICH THE TAXES OF SUCH CITY ARE LEVIED.

2. (A) SUCH BUILDINGS WITHIN SUCH CITY SHALL BE EXEMPT FOR A PERIOD OF ONE YEAR TO THE EXTENT OF ONE HUNDRED PERCENT OF THE INCREASE IN ASSESSED VALUE ATTRIBUTABLE TO SUCH RECONSTRUCTION, ALTERATION OR IMPROVEMENT AND FOR AN ADDITIONAL PERIOD OF SEVEN YEARS SUBJECT TO THE FOLLOWING:

(I) THE EXTENT OF SUCH EXEMPTION SHALL BE DECREASED BY EIGHT AND ONE-THIRD PERCENT OF THE "EXEMPTION BASE" EACH YEAR DURING SUCH ADDITIONAL

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

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PERIOD. THE "EXEMPTION BASE" SHALL BE THE INCREASE IN ASSESSED VALUE AS DETERMINED IN THE INITIAL YEAR OF THE TERM OF THE EXEMPTION, EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH.

(II) IN ANY YEAR IN WHICH A CHANGE IN LEVEL OF ASSESSMENT OF FIFTEEN PERCENT OR MORE IS CERTIFIED FOR A FINAL ASSESSMENT ROLL PURSUANT TO THE RULES OF THE COMMISSIONER, THE EXEMPTION BASE SHALL BE MULTIPLIED BY A FRACTION, THE NUMERATOR OF WHICH SHALL BE THE TOTAL ASSESSED VALUE OF THE PARCEL ON SUCH FINAL ASSESSMENT ROLL (AFTER ACCOUNTING FOR ANY PHYSICAL OR QUANTITY CHANGES TO THE PARCEL SINCE THE IMMEDIATELY PRECEDING ASSESSMENT ROLL), AND THE DENOMINATOR OF WHICH SHALL BE THE TOTAL ASSESSED VALUE OF THE PARCEL ON THE IMMEDIATELY PRECEDING FINAL ASSESSMENT ROLL. THE RESULT SHALL BE THE NEW EXEMPTION BASE. THE EXEMPTION SHALL THEREUPON BE RECOMPUTED TO TAKE INTO ACCOUNT THE NEW EXEMPTION BASE, NOTWITHSTANDING THE FACT THAT THE ASSESSOR RECEIVES CERTIFICATION OF THE CHANGE IN LEVEL OF ASSESSMENT AFTER THE COMPLETION, VERIFICATION AND FILING OF THE FINAL ASSESSMENT ROLL. IN THE EVENT THE ASSESSOR DOES NOT HAVE CUSTODY OF THE ROLL WHEN SUCH CERTIFICATION IS RECEIVED, THE ASSESSOR SHALL CERTIFY THE RECOMPUTED EXEMPTION TO THE LOCAL OFFICERS HAVING CUSTODY AND CONTROL OF THE ROLL, AND SUCH LOCAL OFFICERS ARE HEREBY DIRECTED AND AUTHORIZED TO ENTER THE RECOMPUTED EXEMPTION CERTIFIED BY THE ASSESSOR ON THE ROLL. THE ASSESSOR SHALL GIVE WRITTEN NOTICE OF SUCH RECOMPUTED EXEMPTION TO THE PROPERTY OWNER, WHO MAY, IF HE OR SHE BELIEVES THAT THE EXEMPTION WAS RECOMPUTED INCORRECTLY, APPLY FOR A CORRECTION IN THE MANNER PROVIDED BY TITLE THREE OF ARTICLE FIVE OF THIS CHAPTER FOR THE CORRECTION OF CLERICAL ERRORS.

(III) SUCH EXEMPTION SHALL BE LIMITED TO ONE HUNDRED THOUSAND DOLLARS IN INCREASED MARKET VALUE, OR SUCH OTHER SUM LESS THAN ONE HUNDRED THOUSAND DOLLARS, BUT NOT LESS THAN TEN THOUSAND DOLLARS AS MAY BE PROVIDED BY THE LOCAL LAW OR RESOLUTION, OF THE PROPERTY ATTRIBUTABLE TO SUCH RECONSTRUCTION, ALTERATION OR IMPROVEMENT AND ANY INCREASE IN MARKET VALUE GREATER THAN SUCH AMOUNT SHALL NOT BE ELIGIBLE FOR THE EXEMPTION PURSUANT TO THIS SECTION. FOR THE PURPOSES OF THIS SECTION, THE MARKET VALUE OF THE RECONSTRUCTION, ALTERATION OR IMPROVEMENT SHALL BE EQUAL TO THE INCREASED ASSESSED VALUE ATTRIBUTABLE TO SUCH RECONSTRUCTION, ALTERATION OR IMPROVEMENT DIVIDED BY THE MOST RECENTLY ESTABLISHED STATE EQUALIZATION RATE FOR SUCH CITY. WHERE THE STATE EQUALIZATION RATE OR SPECIAL EQUALIZATION RATE EQUALS OR EXCEEDS NINETY-FIVE PERCENT, THE INCREASE IN ASSESSED VALUE ATTRIBUTABLE TO SUCH RECONSTRUCTION, ALTERATION OR IMPROVEMENT SHALL BE DEEMED TO EQUAL THE MARKET VALUE OF SUCH RECONSTRUCTION, ALTERATION OR IMPROVEMENT.

(B) NO SUCH EXEMPTION SHALL BE GRANTED FOR RECONSTRUCTION, ALTERATIONS OR IMPROVEMENTS UNLESS:

(I) SUCH RECONSTRUCTION, ALTERATION OR CONVERTED IMPROVEMENT WAS COMMENCED SUBSEQUENT TO THE EFFECTIVE DATE OF THE LOCAL LAW ADOPTED PURSUANT TO SUBDIVISION ONE OF THIS SECTION BY SUCH CITY;

(II) THE VALUE OF SUCH RECONSTRUCTION, ALTERATION OR IMPROVEMENT EXCEEDS FIVE THOUSAND DOLLARS; AND

(III) THE GREATER PORTION, AS SO DETERMINED BY SQUARE FOOTAGE, OF THE BUILDING RECONSTRUCTED, ALTERED OR IMPROVED IS AT LEAST FIVE YEARS OLD.

(C) FOR PURPOSES OF THIS SECTION THE TERMS RECONSTRUCTION, ALTERATION AND IMPROVEMENT SHALL NOT INCLUDE ORDINARY MAINTENANCE AND REPAIRS.

3. SUCH EXEMPTION SHALL BE GRANTED ONLY UPON APPLICATION BY THE OWNER OF SUCH BUILDING ON A FORM PRESCRIBED BY THE COMMISSIONER. THE APPLICATION SHALL BE FILED WITH THE ASSESSOR OF SUCH CITY ON OR BEFORE THE APPROPRIATE TAXABLE STATUS DATE OF SUCH CITY.

4. IF SATISFIED THAT THE APPLICANT IS ENTITLED TO AN EXEMPTION PURSUANT TO THIS SECTION, THE ASSESSOR SHALL APPROVE THE APPLICATION AND SUCH BUILDING SHALL THEREAFTER BE EXEMPT FROM TAXATION AND SPECIAL AD VALOREM LEVIES AS PROVIDED IN THIS SECTION COMMENCING WITH THE ASSESSMENT ROLL PREPARED ON THE BASIS OF THE TAXABLE STATUS DATE REFERRED TO IN SUBDIVISION THREE OF THIS SECTION. THE ASSESSED VALUE OF ANY EXEMPTION GRANTED PURSUANT TO THIS SECTION SHALL BE ENTERED BY THE ASSESSOR ON THE ASSESSMENT ROLL WITH THE TAXABLE PROPERTY, WITH THE AMOUNT OF THE EXEMPTION SHOWN IN A SEPARATE COLUMN.

5. IN THE EVENT THAT A BUILDING GRANTED AN EXEMPTION PURSUANT TO THIS SECTION CEASES TO BE USED PRIMARILY FOR RESIDENTIAL PURPOSES OR TITLE THERETO IS TRANSFERRED TO OTHER THAN THE HEIRS OR DISTRIBUTEES OF THE OWNER, THE EXEMPTION GRANTED PURSUANT TO THIS SECTION SHALL CEASE.

6. (A) THE ENACTMENT OF A LOCAL LAW IN SUCH CITY MAY:

(I) REDUCE THE PERCENT OF EXEMPTION OTHERWISE ALLOWED PURSUANT TO THIS SECTION;

(II) LIMIT ELIGIBILITY FOR THE EXEMPTION TO THOSE FORMS OF RECONSTRUCTION, ALTERATIONS OR IMPROVEMENTS AS ARE PRESCRIBED IN SUCH LOCAL LAW OR RESOLUTION;

(III) PROVIDE THAT THE EXEMPTION SHALL BE APPLICABLE ONLY TO THOSE IMPROVEMENTS WHICH WOULD OTHERWISE RESULT IN AN INCREASE IN THE ASSESSED VALUATION OF THE REAL PROPERTY BUT WHICH CONSIST OF AN ADDITION, REMODELING OR MODERNIZATION TO AN EXISTING RESIDENCE BUILDING STRUCTURE TO PREVENT PHYSICAL DETERIORATION OF THE STRUCTURE OR TO COMPLY WITH APPLICABLE BUILDING, SANITARY, HEALTH AND/OR FIRE CODES.

(B) NO SUCH LOCAL LAW SHALL REDUCE OR REPEAL AN EXEMPTION GRANTED PURSUANT TO THIS SECTION UNTIL THE EXPIRATION OF THE PERIOD FOR WHICH SUCH EXEMPTION WAS GRANTED.

S 2. This act shall take effect on the first of January next succeeding the date on which it shall have become a law.