

# STATE OF NEW YORK

8091

2019-2020 Regular Sessions

## IN ASSEMBLY

May 31, 2019

Introduced by M. of A. MAGNARELLI, RYAN -- read once and referred to the Committee on Real Property Taxation

AN ACT to amend the real property tax law, in relation to the residential-commercial urban exemption program

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

- 1 Section 1. Section 485-a of the real property tax law, as amended by  
2 chapter 632 of the laws of 2004, subdivision 5 as further amended by  
3 subdivision (b) of section 1 of part W of chapter 56 of the laws of  
4 2010, is amended to read as follows:  
5 § 485-a. Residential-commercial urban exemption program. 1. Defi-  
6 nitions. As used in this section, the following terms shall have the  
7 following meanings:  
8 (a) "Municipality" means any town, city or village except for a city  
9 having more than one million inhabitants.  
10 (b) "Applicant" means any person obligated to pay real property taxes  
11 on the property for which an exemption from real property taxes under  
12 this section is sought.  
13 (c) "Commercial construction work" means the modernization, rehabili-  
14 tation, expansion or other improvement of the portion of mixed-use prop-  
15 erty to be used for commercial purposes.  
16 (d) "Commercial purpose or use" means the buying, selling or otherwise  
17 providing of goods or services directly to the public, including hotel  
18 services, [~~or other lawful business or commercial activities permitted~~  
19 ~~in mixed-use property~~] retail stores, office space, restaurants, bars,  
20 gyms, theaters, and cafes.  
21 (e) "Mixed-use property" means property on which will exist, after  
22 completion of residential construction work or a combination of residen-  
23 tial construction work and commercial construction work, a building or  
24 structure used for both residential and commercial purposes of which,  
25 at least fifty percent of the building or structure's square footage is

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

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devoted to residential purposes or use and at least fifteen percent of the building or structure's square footage is devoted to commercial purposes or use. Only square footage existing in a story above grade shall be used in the determination of the building's percentage of residential purposes or use and commercial purposes or use.

(f) "Person" means an individual, corporation, limited liability company, partnership, association, agency, trust, estate, foreign or domestic government or subdivision thereof, or other entity.

(g) "Residential construction work" means the creation, modernization, rehabilitation, expansion or other improvement of dwelling units, other than dwelling units in a hotel, in the portion of mixed-use property to be used for residential purposes.

(h) "Floor area" means the horizontal areas of the several floors or any portion thereof of a mixed-use property measured from the exterior faces of exterior walls or from the center line of party walls, exclusive of any area existing below-grade.

(i) "Story above grade" means any story having its finished floor surface entirely above grade.

(j) "Grade" shall mean the finished ground level adjoining the building at all exterior walls.

2. Any municipality may, by local law, provide for the exemption of real property from taxation as provided in this section. Upon the adoption of such a local law, the county in which such municipality is located may, by local law, and any school district, all or part of which is located in such municipality, may, by resolution, exempt such property from its taxation in the same manner and to the same extent as such municipality has done.

3. Upon the adoption of such a local law, non-residential real property, upon conversion to mixed-use property, shall be exempt from taxation and special ad valorem levies as provided for in subdivision four of this section. Land which was vacant prior to the residential or commercial construction work for which a tax exemption is sought, shall not be eligible to receive benefits pursuant to this section.

4. (a) (i) For a period of twelve years from the approval of an application, the increase in assessed value of such property attributable to such conversion shall be exempt as provided in subparagraph (ii) of this paragraph. Such exemption shall be computed with respect to the "exemption base". The exemption base shall be determined for each year in which there is an increase in assessed value so attributable from that of the previous year's assessed value.

(ii) The following table shall illustrate the computation of the tax exemption:

| Year of exemption | Percentage of exemption |
|-------------------|-------------------------|
| 1 through 8       | 100% of exemption base  |
| 9                 | 80% of exemption base   |
| 10                | 60% of exemption base   |
| 11                | 40% of exemption base   |
| 12                | 20% of exemption base   |

(b) No such exemption shall be granted unless

(i) such conversion was commenced subsequent to the date on which the municipality's local law took effect; ~~and~~

(ii) the cost of such conversion exceeds the sum of ten thousand dollars or such greater amount as may be specified by local law[~~;~~].

1 (iii) at least seventy-five percent of the floor area of the mixed-use  
2 property consists of the pre-existing building or structure;

3 (iv) the portion of the building used for commercial purposes is  
4 currently, as demonstrated by documentation submitted by the applicant,  
5 used as such or is in good faith contemplated.

6 (c) For purposes of this section the term conversion shall not include  
7 ordinary maintenance and repairs.

8 (d) No such exemption shall be granted concurrent with or subsequent  
9 to any other real property tax exemption granted to the same improve-  
10 ments to real property, except, where during the period of such previous  
11 exemption, payments in lieu of taxes or other payments were made to the  
12 local government in an amount that would have been equal to or greater  
13 than the amount of real property taxes that would have been paid on such  
14 improvements had such property been granted an exemption pursuant to  
15 this section. In such case, an exemption shall be granted for a number  
16 of years equal to the twelve year exemption granted pursuant to this  
17 section less the number of years the property would have been previously  
18 exempt from real property taxes.

19 5. Such exemption shall be granted only upon application by the owner  
20 of such real property on a form prescribed by the commissioner. Such  
21 application shall be filed with the assessor of the municipality or  
22 county having the power to assess property for taxation on or before the  
23 appropriate taxable status date of such municipality or county.

24 6. If the assessor is satisfied that the applicant is entitled to an  
25 exemption pursuant to this section, he or she shall approve the applica-  
26 tion and such real property shall [~~thereafter~~] be exempt from taxation  
27 and special ad valorem levies as in this section provided [~~commencing~~  
28 ~~with the assessment roll prepared after the taxable status date referred~~  
29 ~~to in subdivision five of this section~~]. The assessed value of any  
30 exemption granted pursuant to this section shall be entered by the  
31 assessor on the assessment roll with the taxable property, with the  
32 amount of the exemption shown in a separate column.

33 7. (a) During the period of exemption pursuant to this section, the  
34 owner shall submit an annual certification to the assessor attesting  
35 that the property complies with the provisions or requirements of this  
36 section and any additional provisions or requirements as may be provided  
37 by local law. Failure to submit such certification shall result in revo-  
38 cation of benefits. Such certification shall include at a minimum the  
39 following:

40 (i) the types of residential use and the total above-grade square  
41 footage of such use;

42 (ii) the types of commercial use and the total above-grade square  
43 footage of such use;

44 (iii) attestation that the portion of the building used for commercial  
45 purposes is currently, as demonstrated by documentation submitted by the  
46 applicant, used as such or is in good faith contemplated; and

47 (iv) all such other information required by the municipality.

48 (b) If the assessor is satisfied that the applicant continues to be  
49 entitled to the exemption pursuant to this section, the assessor shall  
50 approve the certification and the real property shall remain exempt from  
51 taxation and special ad valorem levies for another year as provided in  
52 this section.

53 8. (a) The benefits of this section shall be revoked upon a finding by  
54 the assessor that:

1 (i) the application for benefits hereunder or the annual certification  
2 required hereunder contains a false statement or false information as to  
3 a material matter or omits a material matter; or

4 (ii) the eligible real property fails to comply with one or more of  
5 the provisions or requirements of this section or any provisions or  
6 requirements provided by local law.

7 (b) Such revocation shall require the repayment of any benefits previ-  
8 ously granted pursuant to this section.

9 9. If the assessor determines that there was a material misstatement  
10 in an application filed by or on behalf of the owners for an exemption  
11 pursuant to this section and that such misstatement provided the basis  
12 for the granting of such exemption, the municipality shall proceed to  
13 impose a penalty on the applicant of one thousand dollars in addition to  
14 recovering the amount of any prior exemption granted.

15 § 2. This act shall take effect on the thirtieth day after it shall  
16 have become a law and shall apply to properties for which the initial  
17 application for exemption are received on and after such date.