

# STATE OF NEW YORK

6167--A

2021-2022 Regular Sessions

## IN SENATE

April 13, 2021

Introduced by Sen. OBERACKER -- read twice and ordered printed, and when printed to be committed to the Committee on Budget and Revenue -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the tax law, in relation to authorizing the county of Cortland to impose a tax on real estate transfers; and providing for the repeal of such provisions upon expiration thereof

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

Section 1. The tax law is amended by adding a new article 31-H to read as follows:

### ARTICLE 31-H

#### TAX ON REAL ESTATE TRANSFERS

#### IN THE COUNTY OF CORTLAND

#### Section 1449-aaaaaa. Definitions.

1449-bbbbbbb. Imposition of tax.

1449-cccccc. Payment of tax.

1449-dddddd. Liability for tax.

1449-eeeeee. Exemptions.

1449-ffffff. Credit.

1449-gggggg. Cooperative housing corporation transfers.

1449-hhhhhh. Designation of agents.

1449-iiiii. Liability of recording officer.

1449-jjjjjj. Refunds.

1449-kkkkkk. Deposit and disposition of revenue.

1449-llllll. Judicial review.

1449-mmmmmm. Apportionment.

1449-nnnnnn. Miscellaneous.

1449-oooooo. Returns to be secret.

1449-pppppp. Foreclosure.

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

LBD10824-03-1

1     § 1449-aaaaaa. Definitions. When used in this article, unless other-  
2 wise expressly stated:

3     1. "Person" means an individual, partnership, society, association,  
4 joint stock company, corporation, estate, receiver, trustee, assignee,  
5 referee or any other person acting in a fiduciary or representative  
6 capacity, whether appointed by a court or otherwise, any combination of  
7 individuals, and any other form of unincorporated enterprise owned or  
8 conducted by two or more persons.

9     2. "Controlling interest" means (a) in the case of a corporation,  
10 either fifty percent or more of the total combined voting power of all  
11 classes of stock of such corporation, or fifty percent or more of the  
12 capital, profits or beneficial interest in such voting stock of such  
13 corporation, and (b) in the case of a partnership, association, trust or  
14 other entity, fifty percent or more of the capital, profits or benefi-  
15 cial interest in such partnership, association, trust or other entity.

16     3. "Real property" means every estate or right, legal or equitable,  
17 present or future, vested or contingent, in lands, tenements or heredi-  
18 taments, including buildings, structures and other improvements thereon,  
19 which are located in whole or in part within the county of Cortland. It  
20 shall not include rights to sepulture.

21     4. "Consideration" means the price actually paid or required to be  
22 paid for the real property or interest therein, including payment for an  
23 option or contract to purchase real property, whether or not expressed  
24 in the deed and whether paid or required to be paid by money, property,  
25 or any other thing of value. It shall include the cancellation or  
26 discharge of an indebtedness or obligation. It shall also include the  
27 amount of any mortgage, purchase money mortgage, lien or other encum-  
28 brance, whether or not the underlying indebtedness is assumed or taken  
29 subject to.

30     (a) In the case of a creation of a leasehold interest or the granting  
31 of an option with use and occupancy of real property, consideration  
32 shall include, but not be limited to, the value of the rental and other  
33 payments attributable to the use and occupancy of the real property or  
34 interest therein, the value of any amount paid for an option to purchase  
35 or renew and the value of rental or other payments attributable to the  
36 exercise of any option to renew.

37     (b) In the case of a creation of a subleasehold interest, consider-  
38 ation shall include, but not be limited to, the value of the sublease  
39 rental payments attributable to the use and occupancy of the real prop-  
40 erty, the value of any amount paid for an option to renew and the value  
41 of rental or other payments attributable to the exercise of any option  
42 to renew less the value of the remaining prime lease rental payments  
43 required to be made.

44     (c) In the case of a controlling interest in any entity that owns real  
45 property, consideration shall mean the fair market value of the real  
46 property or interest therein, apportioned based on the percentage of the  
47 ownership interest transferred or acquired in the entity.

48     (d) In the case of an assignment or surrender of a leasehold interest  
49 or the assignment or surrender of an option or contract to purchase real  
50 property, consideration shall not include the value of the remaining  
51 rental payments required to be made pursuant to the terms of such lease  
52 or the amount to be paid for the real property pursuant to the terms of  
53 the option or contract being assigned or surrendered.

54     (e) In the case of (1) the original conveyance of shares of stock in a  
55 cooperative housing corporation in connection with the grant or transfer  
56 of a proprietary leasehold by the cooperative corporation or cooperative

1 plan sponsor and (2) the subsequent conveyance by the owner thereof of  
2 such stock in a cooperative housing corporation in connection with the  
3 grant or transfer of a proprietary leasehold for a cooperative unit  
4 other than an individual residential unit, consideration shall include a  
5 proportionate share of the unpaid principal of any mortgage on the real  
6 property of the cooperative housing corporation comprising the cooper-  
7 ative dwelling or dwellings. Such share shall be determined by multiply-  
8 ing the total unpaid principal of the mortgage by a fraction, the numer-  
9 ator of which shall be the number of shares of stock being conveyed in  
10 the cooperative housing corporation in connection with the grant or  
11 transfer of a proprietary leasehold and the denominator of which shall  
12 be the total number of shares of stock in the cooperative housing corpo-  
13 ration.

14 5. "Conveyance" means the transfer or transfers of any interest in  
15 real property by any method, including but not limited to, sale,  
16 exchange, assignment, surrender, mortgage foreclosure, transfer in lieu  
17 of foreclosure, option, trust indenture, taking by eminent domain,  
18 conveyance upon liquidation or by a receiver, or transfer or acquisition  
19 of a controlling interest in any entity with an interest in real proper-  
20 ty. Transfer of an interest in real property shall include the creation  
21 of a leasehold or sublease only where (a) the sum of the term of the  
22 lease or sublease and any options for renewal exceeds forty-nine years,  
23 (b) substantial capital improvements are or may be made by or for the  
24 benefit of the lessee or sublessee, and (c) the lease or sublease is for  
25 substantially all of the premises constituting the real property.  
26 Notwithstanding the foregoing, conveyance of real property shall not  
27 include the creation, modification, extension, spreading, severance,  
28 consolidation, assignment, transfer, release or satisfaction of a mort-  
29 gage; a mortgage subordination agreement, a mortgage severance agree-  
30 ment, an instrument given to perfect or correct a recorded mortgage; or  
31 a release of lien of tax pursuant to this chapter or the internal reven-  
32 ue code.

33 6. "Interest in the real property" includes title in fee, a leasehold  
34 interest, a beneficial interest, an encumbrance, development rights, air  
35 space and air rights, or any other interest with the right to use or  
36 occupancy of real property or the right to receive rents, profits or  
37 other income derived from real property. It shall also include an option  
38 or contract to purchase real property. It shall not include a right of  
39 first refusal to purchase real property.

40 7. "Grantor" means the person making the conveyance of real property  
41 or interest therein. Where the conveyance consists of a transfer or an  
42 acquisition of a controlling interest in an entity with an interest in  
43 real property, "grantor" means the entity with an interest in real prop-  
44 erty or a shareholder or partner transferring stock or partnership  
45 interest.

46 8. "Grantee" means the person who obtains real property or interest  
47 therein as a result of a conveyance.

48 9. "Recording officer" means the county clerk of the county of Cort-  
49 land.

50 10. "Treasurer" means the chief fiscal officer of the county of Cort-  
51 land.

52 § 1449-bbbbbb. Imposition of tax. Notwithstanding any other provisions  
53 of law to the contrary, the county of Cortland, acting through its local  
54 legislative body, is hereby authorized and empowered to adopt and amend  
55 local laws imposing in such county a tax on each conveyance of real  
56 property or interest therein when the consideration exceeds five hundred

dollars, at the rate of one dollar for each five hundred dollars or fractional part thereof. Such local law may apply to any conveyance occurring on or after the date designated by such legislative body, but shall not apply to conveyances made on or after such date pursuant to binding written contracts entered into prior to such date, provided that the date of execution of such contract is confirmed by independent evidence such as the recording of the contract, payment of a deposit or other facts and circumstances as determined by the treasurer.

§ 1449-cccccc. Payment of tax. 1. The real estate transfer tax imposed pursuant to this article shall be paid to the treasurer or the recording officer acting as the agent of the treasurer. Such tax shall be paid at the same time as the real estate transfer tax imposed by article thirty-one of this chapter is required to be paid. Such treasurer or recording officer shall endorse upon each deed or instrument effecting a conveyance a receipt for the amount of the tax so paid.

2. A return shall be required to be filed with such treasurer or recording officer for purposes of the real estate transfer tax imposed pursuant to this article at the same time as a return is required to be filed for purposes of the real estate transfer tax imposed by article thirty-one of this chapter. The return, for purposes of the real estate transfer tax imposed pursuant to this article, shall be a photocopy or carbon copy of the real estate transfer tax return required to be filed pursuant to section fourteen hundred nine of this chapter. However, when an apportionment is required to be made pursuant to section fourteen hundred forty-nine-~~mmmmmm~~ of this article, a supplemental form shall also be required to be filed. The real estate transfer tax returns and supplemental forms required to be filed pursuant to this section shall be preserved for three years and thereafter until such treasurer or recording officer orders them to be destroyed.

3. The recording officer shall not record an instrument effecting a conveyance unless the return required by this section has been filed and the tax imposed pursuant to this article shall have been paid as provided in this section.

§ 1449-dddddd. Liability for tax. 1. The real estate transfer tax shall be paid by the grantor. If the grantor has failed to pay the tax imposed pursuant to this article or if the grantor is exempt from such tax, the grantee shall have the duty to pay the tax. Where the grantee has the duty to pay the tax because the grantor has failed to pay, such tax shall be the joint and several liability of the grantor and the grantee.

2. For the purpose of the proper administration of this article and to prevent evasion of the tax hereby authorized, it shall be presumed that all conveyances are taxable. Where the consideration includes property other than money, it shall be presumed that the consideration is the fair market value of the real property or interest therein. These presumptions shall prevail until the contrary is proven, and the burden of proving the contrary shall be on the person liable for payment of the tax.

§ 1449-eeeeee. Exemptions. 1. The following shall be exempt from payment of the real estate transfer tax:

(a) The state of New York, or any of its agencies, instrumentalities, political subdivisions, or public corporations (including a public corporation created pursuant to agreement or compact with another state or the Dominion of Canada).

(b) The United Nations, the United States of America and any of its agencies and instrumentalities.

1 The exemption of such governmental bodies or persons shall not, howev-  
2 er, relieve a grantee from them of liability for the tax.

3 2. The tax shall not apply to any of the following conveyances:

4 (a) Conveyances to the United Nations, the United States of America,  
5 the state of New York, or any of their instrumentalities, agencies or  
6 political subdivisions (or any public corporation, including a public  
7 corporation created pursuant to agreement or compact with another state  
8 or the Dominion of Canada);

9 (b) Conveyances which are or were used to secure a debt or other obli-  
10 gation;

11 (c) Conveyances which, without additional consideration, confirm,  
12 correct, modify or supplement a prior conveyance;

13 (d) Conveyances of real property without consideration and otherwise  
14 than in connection with a sale, including conveyances conveying realty  
15 as bona fide gifts;

16 (e) Conveyances given in connection with a tax sale;

17 (f) Conveyances to effectuate a mere change of identity or form of  
18 ownership or organization where there is no change in beneficial owner-  
19 ship, other than conveyances to a cooperative housing corporation of the  
20 real property comprising the cooperative dwelling or dwellings;

21 (g) Conveyances which consist of a deed of partition;

22 (h) Conveyances given pursuant to the federal bankruptcy act;

23 (i) Conveyances of real property which consist of the execution of a  
24 contract to sell real property without the use or occupancy of such  
25 property or the granting of an option to purchase real property without  
26 the use or occupancy of such property; and

27 (j) Conveyances of an option or contract to purchase real property  
28 with the use or occupancy of such property where the consideration is  
29 less than two hundred thousand dollars and such property was used solely  
30 by the grantor as his personal residence and consists of a one, two or  
31 three-family house, an individual residential condominium unit or the  
32 sale of stock in a cooperative housing corporation in connection with  
33 the grant or transfer of a proprietary leasehold covering an individual  
34 residential cooperative unit.

35 § 1449-fffff. Credit. A grantor shall be allowed a credit against the  
36 tax due on a conveyance of real property to the extent tax was paid by  
37 such grantor on a prior creation of a leasehold of all or a portion of  
38 the same real property or on the granting of an option or contract to  
39 purchase all or a portion of the same real property, by such grantor.  
40 Such credit shall be computed by multiplying the tax paid on the  
41 creation of the leasehold or on the granting of the option or contract  
42 by a fraction, the numerator of which is the value of the consideration  
43 used to compute such tax paid which is not yet due to such grantor on  
44 the date of the subsequent conveyance (and which such grantor will not  
45 be entitled to receive after such date), and the denominator of which is  
46 the total value of the consideration used to compute such tax paid.

47 § 1449-gggggg. Cooperative housing corporation transfers. 1. Notwith-  
48 standing the definition of "controlling interest" contained in subdivi-  
49 sion two of section fourteen hundred forty-nine-aaaaaa of this article  
50 or anything to the contrary contained in subdivision five of section  
51 fourteen hundred forty-nine-aaaaaa of this article, the tax imposed  
52 pursuant to this article shall apply to (a) the original conveyance of  
53 shares of stock in a cooperative housing corporation in connection with  
54 the grant or transfer of a proprietary leasehold by the cooperative  
55 corporation or cooperative plan sponsor, and (b) the subsequent convey-  
56 ance of such stock in a cooperative housing corporation in connection



1 with the grant or transfer of a proprietary leasehold by the owner ther-  
2 eof. With respect to any such subsequent conveyance where the property  
3 is an individual residential unit, the consideration for the interest  
4 conveyed shall exclude the value of any liens on certificates of stock  
5 or other evidences of an ownership interest in and a proprietary lease  
6 from a corporation or partnership formed for the purpose of cooperative  
7 ownership of residential interest in real estate remaining thereon at  
8 the time of conveyance. In determining the tax on a conveyance described  
9 in paragraph (a) of this subdivision, a credit shall be allowed for a  
10 proportionate part of the amount of any tax paid upon the conveyance to  
11 the cooperative housing corporation of the real property comprising the  
12 cooperative dwelling or dwellings to the extent that such conveyance  
13 effectuated a mere change of identity or form of ownership of such prop-  
14 erty and not a change in the beneficial ownership of such property. The  
15 amount of the credit shall be determined by multiplying the amount of  
16 tax paid upon the conveyance to the cooperative housing corporation by a  
17 percentage representing the extent to which such conveyance effectuated  
18 a mere change of identity or form of ownership and not a change in the  
19 beneficial ownership of such property, and then multiplying the result-  
20 ing product by a fraction, the numerator of which shall be the number of  
21 shares of stock conveyed in a transaction described in paragraph (a) of  
22 this subdivision and the denominator of which shall be the total number  
23 of shares of stock of the cooperative housing corporation (including any  
24 stock held by the corporation). In no event, however, shall such credit  
25 reduce the tax, on a conveyance described in paragraph (a) of this  
26 subdivision, below zero, nor shall any such credit be allowed for a tax  
27 paid more than twenty-four months prior to the date on which occurs the  
28 first in a series of conveyances of shares of stock in an offering of  
29 cooperative housing corporation shares described in paragraph (a) of  
30 this subdivision.

31 2. Every cooperative housing corporation shall be required to file an  
32 information return with the treasurer by July fifteenth of each year  
33 covering the preceding period of January first through June thirty-first  
34 and by January fifteenth of each year covering the preceding period of  
35 July first through December thirty-first. The return shall contain such  
36 information regarding the conveyance of shares of stock in the cooper-  
37 ative housing corporation as the treasurer may deem necessary, includ-  
38 ing, but not limited to, the names, addresses and employee identifica-  
39 tion numbers or social security numbers of the grantor and the grantee,  
40 the number of shares conveyed, the date of the conveyance and the  
41 consideration paid for such conveyance.

42 § 1449-hhhhhh. Designation of agents. The treasurer is authorized to  
43 designate the recording officer to act as its agent for purposes of  
44 collecting the tax authorized by this article. The treasurer shall  
45 provide for the manner in which such person may be designated as its  
46 agent subject to such terms and conditions as it shall prescribe. The  
47 real estate transfer tax shall be paid to such agent as provided in  
48 section fourteen hundred forty-nine-cccccc of this article.

49 § 1449-iiiii. Liability of recording officer. A recording officer  
50 shall not be liable for any inaccuracy in the amount of tax imposed  
51 pursuant to this article that he shall collect so long as he shall  
52 compute and collect such tax on the amount of consideration or the value  
53 of the interest conveyed as such amounts are provided to him or her by  
54 the person paying the tax.

55 § 1449-jjjjj. Refunds. Whenever the treasurer shall determine that  
56 any moneys received under the provisions of the local law enacted pursu-

1 ant to this article were paid in error, it may cause such moneys to be  
2 refunded pursuant to such rules and regulations it may prescribe,  
3 provided any application for such refund is filed with the treasurer  
4 within two years from the date the erroneous payment was made. When  
5 making any findings or determinations the treasurer may rely upon any  
6 findings or determinations of the commissioner and any rules and regu-  
7 lations promulgated pursuant to article thirty-one of this chapter.

8 § 1449-kkkkkk. Deposit and disposition of revenue. All taxes collected  
9 or received by the treasurer or his duly authorized agent under the  
10 provisions of the local law enacted pursuant to this article shall be  
11 deposited in accordance with provisions of a local law adopted by the  
12 legislative body of the county of Cortland which local law shall desig-  
13 nate proper officers to be responsible for deposit of revenue collected  
14 or received under this article. Such local law shall also provide that  
15 any officer designated to collect, receive, or deposit such revenue  
16 shall maintain a system of accounts showing the revenue collected or  
17 received from the tax imposed pursuant to this article. Such local law  
18 shall also provide that all revenue derived from the imposition of such  
19 tax shall be deposited into the general fund of the county of Cortland  
20 and shall be used for purposes deemed appropriate by the legislative  
21 body of the county of Cortland.

22 § 1449-llllll. Judicial review. 1. Any final determination of the  
23 amount of any tax payable under section fourteen hundred forty-nine-  
24 cccccc of this article shall be reviewable for error, illegality or  
25 unconstitutionality or any other reason whatsoever by a proceeding under  
26 article seventy-eight of the civil practice law and rules if application  
27 therefor is made to the supreme court within four months after the  
28 giving of the notice of such final determination, provided, however,  
29 that any such proceeding under article seventy-eight of the civil prac-  
30 tice law and rules shall not be instituted unless (a) the amount of any  
31 tax sought to be reviewed, with such interest and penalties thereon as  
32 may be provided for by local law shall be first deposited and there is  
33 filed an undertaking, issued by a surety company authorized to transact  
34 business in this state and approved by the superintendent of financial  
35 services of this state as to solvency and responsibility, in such amount  
36 as a justice of the supreme court shall approve to the effect that if  
37 such proceeding be dismissed or the tax confirmed the petitioner will  
38 pay all costs and charges which may accrue in the prosecution of such  
39 proceeding or (b) at the option of the petitioner, such undertaking may  
40 be in a sum sufficient to cover the taxes, interest and penalties stated  
41 in such determination, plus the costs and charges which may accrue  
42 against it in the prosecution of the proceeding, in which event the  
43 petitioner shall not be required to pay such taxes, interest or penal-  
44 ties as a condition precedent to the application.

45 2. Where any tax imposed hereunder shall have been erroneously, ille-  
46 gally or unconstitutionally assessed or collected and application for  
47 the refund or revision thereof duly made to the proper fiscal officer or  
48 officers, and such officer or officers shall have made a determination  
49 denying such refund or revision, such determination shall be reviewable  
50 by a proceeding under article seventy-eight of the civil practice law  
51 and rules; provided, however, that (a) such proceeding is instituted  
52 within four months after the giving of the notice of such denial, (b) a  
53 final determination of tax due was not previously made, and (c) an  
54 undertaking is filed with the proper fiscal officer or officers in such  
55 amount and with such sureties as a justice of the supreme court shall  
56 approve to the effect that if such proceeding be dismissed or the tax

1 confirmed, the petitioner will pay all costs and charges which may  
2 accrue in the prosecution of such proceeding.

3 3. In any proceedings instituted pursuant to this article the rules  
4 and regulations of the commissioner shall be applied where applicable.

5 § 1449-mmmmmmm. Apportionment. The local law adopted by the legislative  
6 body of the county of Cortland shall provide for a method of apportion-  
7 ment for determining the amount of tax due whenever the real property or  
8 interest therein is situated within and without the county of Cortland.

9 § 1449-nnnnnnn. Miscellaneous. The local law adopted by the legislative  
10 body of the county of Cortland may contain such other provisions as such  
11 legislative body deems necessary for the proper administration of the  
12 tax imposed pursuant to this article, including provisions concerning  
13 the determination of tax, the imposition of interest on underpayments  
14 and overpayments and the imposition of civil penalties. Such provisions  
15 shall be identical to the corresponding provisions of the real estate  
16 transfer tax imposed by article thirty-one of this chapter, so far as  
17 such provisions can be made applicable to the tax imposed pursuant to  
18 this article.

19 § 1449-ooooooo. Returns to be secret. 1. Except in accordance with  
20 proper judicial order or as otherwise provided by law, it shall be  
21 unlawful for the treasurer or any officer or employee of the county of  
22 Cortland or any person engaged or retained by such county on an inde-  
23 pendent contract basis to divulge or make known in any manner the  
24 particulars set forth or disclosed in any return required under a local  
25 law enacted pursuant to this article. However, that nothing in this  
26 section shall prohibit the recording officer from making a notation on  
27 an instrument effecting a conveyance indicating the amount of tax paid.  
28 No recorded instrument effecting a conveyance shall be considered a  
29 return for purposes of this section.

30 2. The officers charged with the custody of such returns shall not be  
31 required to produce any of them or evidence of anything contained in  
32 them in any action or proceeding in any court, except on behalf of the  
33 county in any action or proceeding involving the collection of a tax due  
34 under a local law enacted pursuant to this article to which such county  
35 or an officer or employee of such county is a party or a claimant, or on  
36 behalf of any party to any action or proceeding under the provisions of  
37 a local law enacted pursuant to this article when the returns or facts  
38 shown thereby are directly involved in such action or proceeding, in any  
39 of which events the court may require the production of, and may admit  
40 in evidence, so much of said returns or of the facts shown thereby, as  
41 are pertinent to the action or proceeding and no more.

42 3. Nothing herein shall be construed to prohibit the delivery to a  
43 grantor or grantee of an instrument effecting a conveyance or the duly  
44 authorized representative of a grantor or grantee of a certified copy of  
45 any return filed in connection with such instrument or to prohibit the  
46 publication of statistics so classified as to prevent the identification  
47 of particular returns and the items thereof, or the inspection by the  
48 legal representatives of such county of the return of any taxpayer who  
49 shall bring action to set aside or review the tax based thereon.

50 4. Any officer or employee of such county who willfully violates the  
51 provisions of this section shall be dismissed from office and be incapa-  
52 ble of holding any public office in this state for a period of five  
53 years thereafter.

54 § 1449-ppppppp. Foreclosure. Where the conveyance consists of a trans-  
55 fer of property made as a result of an order of the court in a foreclo-  
56 sure proceeding ordering the sale of such property, the referee or sher-



1 iff effectuating such transfer shall not be liable for any interest or  
2 penalties that are authorized pursuant to this article or article thir-  
3 ty-seven of this chapter.

4 § 2. This act shall take effect immediately and shall expire and be  
5 deemed repealed seven years after such date.